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APPEARANCES

MR. PAUL RELIS, CHAIRMAN  
MR. DANIEL G. PENNINGTON, MEMBER MR. WESLEY CHESBRO,  
MEMBER

STAFF PRESENT

RALPH CHANDLER  
KEITH SMITH  
KATHRYN TOBIAS  
DONNELL DULCO

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1 SACRAMENTO, CALIFORNIA - WEDNESDAY, OCTOBER 8, 1997

2 9:38 A.M.

3

4 CHAIRMAN RELIS: CALL TO ORDER THE MARKET

5 DEVELOPMENT COMMITTEE.

6 DONNELL, WOULD YOU CALL THE ROLL, PLEASE?

7 COMMITTEE SECRETARY: MEMBER CHESBRO?

8 MEMBER CHESBRO: HERE.

9 COMMITTEE SECRETARY: MEMBER PENNINGTON?

10 MEMBER PENNINGTON: HERE.

11 COMMITTEE SECRETARY: CHAIRMAN RELIS.

12 CHAIRMAN RELIS: HERE.

13 ANY EX-PARTE BUSINESS TO REPORT?

14 MEMBER PENNINGTON: WELL, I SEEM TO -- IT'S

15 NOT ADDRESSED TO ME, BUT I HAVE A LETTER THAT WENT TO

16 DWAYNE MILLER THAT WAS CIRCULATED TO ME FROM GERALD

17 BONITO.

18 CHAIRMAN RELIS: OKAY. WE ALL HAVE THAT

LETTER.

19 WE'LL ENTER IT INTO THE RECORD FROM THE

20 PRINTING INDUSTRIES OF CALIFORNIA.

21 OKAY. ANY OTHER?

22 OKAY. THEN LET'S PROCEED WITH OUR

BUSINESS

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23 FOR THE DAY.

24 MISS TRGOVCICH, DO YOU HAVE A REPORT?

25 MS. TRGOVCICH: YES, I DO. I HAVE ABOUT THREE

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1 ITEMS THAT I WOULD LIKE TO COVER FOR YOU BRIEFLY THIS  
2 MORNING.

3 I'M GOING TO BE DOING SOMETHING DIFFERENT  
4 THAN I NORMALLY DO. GIVEN THE FOCUS THAT THE BOARD HAS  
5 PLACED ON IMPLEMENTATION OF THE STRATEGIC PLAN OVER THE  
6 LAST SEVERAL MONTHS AND THE EMPHASIS THAT THE STAFF HAS IN  
7 PLACE, WE ARE GOING TO BE PROVIDING DURING OUR MONTHLY  
8 REPORT TIME A HIGHLIGHT OF A PRIORITY MATERIAL AND THE  
9 ACTIVITIES THAT HAVE TAKEN PLACE AROUND THAT, AND THIS  
10 MONTH FOR YOUR LISTENING PLEASURE, I WILL HIGHLIGHT TIRES  
11 AS IT RELATES TO A PRIORITY MATERIAL IN THE MARKET  
12 DEVELOPMENT PLAN, AND I WILL BE VERY BRIEF.

13 THE PURPOSE OF THIS IS TO CONTINUOUSLY KEEP  
14 YOU INFORMED OF THE GOALS THAT EACH OF YOU SET OUT IN THE  
15 PLAN FOR US TO UNDERTAKE AS IT RELATES TO THAT MATERIAL  
16 TYPE AND BE CONSTANTLY APPRISED OF THE PROGRESS THAT WE  
17 ARE MAKING IN THAT REGARD.

18 THERE WERE A COUPLE OF GOALS UNDER THE  
19 MARKET DEVELOPMENT PLAN FOR TIRES. THE FIRST ONE WAS TO  
20 INCREASE WASTE TIRE DIVERSION BY SUPPORTING ALTERNATIVE  
21 DIVERSION PROGRAMS.

22 YOU KNOW THAT WE HAVE SPENT A LOT OF TIME IN  
23 THE PAST YEARS FOCUSED ON DIFFERENT TYPES OF ACTIVITIES.  
24 SPECIFICALLY IN THIS PAST YEAR, OUR TIME HAS BEEN SPENT  
25 AND WE HAVE BEEN FOCUSING UPON BEING ABLE TO LOOK AT THE

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1       TECHNOLOGY OF INCORPORATION OF TDF INTO THE COAL FIRE  
2       FACILITIES.

3                   ONE OF THE REPORTS THAT WAS UNDERTAKEN BY A  
4       CONTRACT IN 1996, THE DAMES & MOORE REPORT, WAS HEARD BY  
5       THE FULL BOARD AT ITS MEETING LAST MONTH. REGARDLESS OF  
6       THE CONTRACTUAL ISSUES AROUND THE FINALIZATION OF THAT  
7       REPORT, WHAT IT DOES REPRESENT IS A COMPILATION OF DATA ON  
8       A STATEWIDE BASIS, WHICH WAS ONE OF THE KEY ACTIVITIES  
9       COMING OUT OF THE PLAN IN ORDER TO BE ABLE TO PROMOTE THIS  
10      TECHNOLOGY.

11                   SO WE HAVE A DAMES & MOORE REPORT, THE  
12      CARNOT REPORT, SO WE ARE WELL ON OUR WAY UNDER THAT GOAL  
13      OF THE MARKET DEVELOPMENT PLAN AS IT RELATES TO TIRES.

14                   AS YOU ARE WELL AWARE, WE ARE ALSO PURSUING  
15      OTHER ALTERNATIVE USE PROGRAMS. WE HAVE A STATEWIDE  
16      CENTER FOR RAC OUT THERE RIGHT NOW.

17                   WE WILL BE COMING BACK TO THE POLICY  
18      COMMITTEE IN DECEMBER WITH AN UPDATE ON THE STATUS OF THAT  
19      CENTER, WHAT KIND OF INTEREST IT HAS RECEIVED STATEWIDE,  
20      WHAT TYPE OF SUPPORT IT'S RECEIVED, HOW THE WORKSHOPS THAT  
21      THEY ARE PLANNING FOR NOVEMBER ARE GOING TO BE GOING, SO  
22      WE WILL BE PROVIDING THAT INFORMATION AND SO FORTH OF THE  
23      TIRE ACTIVITY AS WELL.

24                   THE SECOND TIRE MARKET DEVELOPMENT PLAN GOAL  
25      WAS TO INCREASE THE USE OF RECYCLED CRUMB-RUBBER BY

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1 PROMOTING AND DEVELOPING MARKETS THROUGH THE BOARD'S LOAN  
2 PROGRAMS. EACH OF YOUR OFFICES HAS SEEN THE NOTE THAT HAS  
3 GONE OUT RECENTLY FOR THE MOLDED RUBBER PRODUCTS GRANT  
4 PROGRAM AS WELL AS THE DGS BOARD INTERAGENCY AGREEMENT AS  
5 IT RELATES TO PROCUREMENT OF MOLDED RUBBER PRODUCTS FOR  
6 DEMONSTRATION AND VIEWING WITHIN STATE AGENCIES SO THAT WE  
7 CAN PROMOTE THIS TYPE OF PRODUCT IN AREAS WHERE THESE  
8 BUILDINGS RECEIVE A HIGH AMOUNT OF TRAFFIC.

9 SO WE HAVE A LOT OF ACTIVITY GOING ON IN  
10 THESE AREAS. SO THIS IS JUST KIND OF A SAMPLE OF WHAT WE  
11 ARE DOING. I WANTED TO JUST GIVE YOU A BRIEF SUMMARY.  
12 THIS DOES NOT INCLUDE ALL OF OUR TIRE ACTIVITY.

13 WE CAN CERTAINLY LOOK AT ALL OF THOSE AND  
14 YOU CAN LOOK AT THEM AS CONTAINED IN A STRATEGIC PLAN  
15 ITEM, BUT WE WILL BE COMING FORWARD EACH MONTH WITH A  
16 BRIEF REPORT ON SOME OF THE CURRENT ACTIVITIES AND THEIR  
17 PROGRESS.

18 THE NEXT THING I'D LIKE TO BRIEFLY SUMMARIZE  
19 FOR YOU IS THE CURRENT COMPOST EFFORT THAT WE HAVE AS IT  
20 RELATES TO THE VIDEO THAT IS CURRENTLY BEING FINALIZED.

21 LAST MONTH WE PREVIEWED A VIDEO WHICH  
22 INCLUDED FARMERS, FARM ADVISORS AND SOIL SCIENTISTS  
23 TALKING ABOUT THE VIRTUES OF THE USE OF COMPOST IN FARMING  
24 AS DEMONSTRATED THROUGH OUR AGRICULTURAL COMPOST DEMOS.

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25  
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THE VIDEO, WHICH HAS BEEN DEVELOPED UNDER

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1 CONTRACT WITH CSUS, IS GOING TO ALSO BE PROMOTED AS PART  
2 OF THE \$15,000 AGREEMENT OR GRANT OF FUNDS THAT WE HAVE  
3 FROM U.S. EPA.

4 THEY LOOKED AT THE WORK THAT WE HAD DONE  
5 THROUGH THE DEMOS, THEY LOOKED AT THE WORK THROUGH THE  
6 VIDEO, AND THEY THOUGHT THAT THIS WAS SUCH HIGH QUALITY  
7 WORK THAT THEY WANTED TO BE ABLE TO PROVIDE US FUNDING TO  
8 BE ABLE TO GET THAT INFORMATION OUT.

9 WE HAD HOPED THAT THE VIDEO WOULD BE HERE TO  
10 REVIEW; NOT DURING MY REPORT HERE, BUT AT THE END OF THE  
11 MEETING TODAY FOR ANYONE WHO WISHED TO STAY. IT'S MY  
12 UNDERSTANDING THAT THE VIDEO HAS NOT YET ARRIVED, BUT WE  
13 WILL LET YOU KNOW IF IT DOES, AND AT THE END OF THE  
14 MEETING IF IT IS HERE, IT IS BEING DRIVEN TO US.

15 CHAIRMAN RELIS: WHERE IS IT BEING DRIVEN FROM?

16 MS. TRGOVCICH: I BELIEVE FROM SAC STATE OR A  
17 REPRESENTATIVE OF SAC STATE; AND IF IT ARRIVES, WE WILL  
18 CERTAINLY PUT IT UP ON THE MONITORS FOR ANYONE WHO WISHES  
19 TO STAY AROUND AT THE END OF THE MEETING TO LOOK AT.

20 WE WILL BE MARKETING THIS VIDEO THROUGH A  
21 VARIETY OF VENUES. WE WILL BE SENDING THE INFORMATION  
22 AVAILABLE ALONG WITH A VIDEO SAMPLE TO EACH TELEVISION  
23 STATION IN CALIFORNIA. WE'LL BE LOOKING AT PUBLIC  
24 STATIONS AS WELL.

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25

WE WILL BE PLAYING IT CONTINUOUSLY AS A PART

8

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1 OF OUR EXHIBIT AT FARM SHOWS THROUGHOUT THE STATE; WE HAVE  
2 A STRONG PRESENCE AT SOME OF THE IMPORTANT FARM SHOWS, THE  
3 HIGH ATTENDANCE FARM SHOWS, AND WE'LL BE SENDING  
4 INFORMATION TO THE COUNTY FARM BUREAUS AND OTHER FARM  
5 ASSOCIATIONS SO THAT THEY CAN SHOW THE VIDEOS TO THEIR  
6 MEMBERS THROUGH THE ASSOCIATION MEETINGS, CONFERENCES OR  
7 ANY OTHER VENUE THAT THEY FEEL IT SHOULD BE EXPLORED.  
8 IT'S A VERY HIGH QUALITY PIECE AND WE HOPE TO SHOW YOU AT  
9 THE END OF THE DAY TODAY.

10 VERY BRIEFLY, AS I DO EACH MONTH, I WANT TO  
11 SUMMARIZE THE LOAN FUND STATUS FOR YOU. WE HAVE SOME VERY  
12 GOOD NEWS TO REPORT TO YOU THIS MONTH.

13 AS OF SEPTEMBER 30TH, 54 LOANS HAVE BEEN  
14 CLOSED IN THE AMOUNT OF \$21.5 MILLION. THAT'S THE SAME  
15 NUMBER YOU HEARD LAST MONTH. HOWEVER, WE ARE IN THE  
16 PROCESS THIS WEEK AND NEXT OF CLOSING AN ADDITIONAL \$3.6  
17 MILLION IN LOANS.

18 THE MBA POLYMER LOAN, I SIGNED OFF ON THE  
19 LOAN DOCS A COUPLE OF DAYS AGO, SO THAT IS IN THE PROCESS  
20 OF CLOSING. THE CHECKS ARE MOVING THROUGH THE ESCROW  
21 NOW, SO WE HOPE TO BE ABLE TO HAVE AN ADDITIONAL 3.6  
22 MILLION WITHIN THE NEXT TWO WEEKS THAT ARE IN THE FUNDED  
23 COLUMN STATUS.

24 SO YOU WILL SEE THESE NUMBERS CHANGE

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25           SIGNIFICANTLY AND THEY ARE CHANGING AS WE ARE SPEAKING.

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1                   THERE'S APPROXIMATELY EIGHTEEN MILLION  
2                   REMAINING IN THE RMDZ SUBACCOUNT FOR LENDING THIS YEAR,  
3                   AND THAT INCLUDES OVER \$845,000 OF TIRE FUNDS.

4                   REMEMBER THE BOARD ALLOCATED THROUGH ITS  
5                   ANNUAL TIRE FUND ALLOCATION ONE MILLION DOLLARS TO BE MADE  
6                   AVAILABLE TO TIRE RELATED BUSINESSES.

7                   MEMBER PENNINGTON:   WHAT WAS THAT NUMBER AGAIN?

8                   MS. TRGOVCICH:   OH, THE AMOUNT REMAINING?

9                   845,000.

10                  THAT CONCLUDES MY REPORT.   IF YOU HAVE ANY  
11                  QUESTION, I'D BE HAPPY TO ANSWER.   OTHERWISE, WE CAN MOVE  
12                  INTO THE AGENDA.

13                  MEMBER CHESBRO:   THANK YOU.

14                  CHAIRMAN RELIS:   I JUST NOTE YESTERDAY I WAS  
15                  GOING THROUGH MY MAIL AND CAME ACROSS AN OBSCURE  
16                  NEWSLETTER FROM THE RUBBERIZED RIDE ASPHALT ASSOCIATION,  
17                  AND IN IT WAS A BULLET THAT MENTIONS THE OPENING OF THE  
18                  L.A. COUNTY OFFICE TO ADVISE LOCAL GOVERNMENTS THROUGHOUT  
19                  CALIFORNIA ON THE PROGRAM, AND THERE WAS A PHONE NUMBER  
20                  THERE, AND I DECIDED TO TRY IT OUT AND THERE WAS A VOICE,  
21                  ALBEIT A RECORDING AT THE END OF THE LINE, AND I SAID I'M  
22                  CALLING AS A BOARD MEMBER AND HAPPY TO SEE THAT THEY'RE  
23                  IN  
                  BUSINESS.



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1 MS. TRGOVCICH: WE'VE ALREADY RECEIVED OUR FIRST  
2 REPORT. WE SET THEM UP ON A MONTHLY REPORTING CYCLE.

3 IT'S A LITTLE BIT OF A SLOW START. LYNN  
4 NICHOLSON, WHO IS THE LEAD FOR THE COUNTY AT THE STATEWIDE  
5 CENTER --

6 CHAIRMAN RELIS: HE'S THE VOICE.

7 MS. TRGOVCICH: HE'S THE VOICE ON THE OTHER END.  
8 HE IS DOING HIS BEST TO GET THE WORD OUT, AND THE RPA  
9 NEWSLETTER THAT YOU RECEIVED IS ONE OF THE WAYS THAT HE'S  
10 BEEN TRYING TO GET INFORMATION OUT ABOUT THE CENTER, SO WE  
11 DO HAVE SOME INITIAL REPORTS.

12 WE'RE HOPING THAT ACTIVITY PICKS UP, BUT  
13 ONCE AGAIN, THE PURPOSE OF THE DECEMBER ITEM IS TO BRING  
14 TO THE BOARD A STATUS REPORT ON HOW IS THE CENTER DOING,  
15 WHAT ARE THE PROSPECTS.

16 FIRST OF ALL, TO LOOK AT THE EFFECTIVENESS  
17 OF THE CENTER AND WHAT WE CAN DO AROUND IT, BUT VERY  
18 IMPORTANT I'M SURE TO EACH ON ONE OF YOU IS TO DETERMINE  
19 WHETHER OR NOT WE ARE GOING TO TRANSFER THE \$500,000 SET  
20 ASIDE IN THE 1997-98 TIRE FUND ALLOCATION FOR THE CENTER.

21 YOU'LL REMEMBER THOSE MONIES WERE ALLOCATED,  
22 BUT WE RECOMMENDED NOT TRANSFERRING THEM UNTIL THE  
23 MID-FUNDING OR MID YEAR-REVIEW WAS CONDUCTED.

24 CHAIRMAN RELIS: SO IN DECEMBER, WE'LL GET A MORE  
25 COMPLETE ACCOUNT OF --

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1 MS. TRGOVCICH: OF THE CENTER ITSELF.

2 CHAIRMAN RELIS: -- THE STATUS OF THE CENTER, THE  
3 KIND OF INQUIRIES THAT THEY'RE GETTING AND WHO'S.  
4 RESPONSIBLE FOR GETTING THE WORD OUT ABOUT THE CENTER? IS  
5 THAT PART OF THE CONTRACT OR --

6 MS. TRGOVCICH: THAT IS PART OF THE CONTRACT.

7 CHAIRMAN RELIS: IS THE BOARD ITSELF CONTACTING  
8 LEAGUE OF CITIES OR C-SPAN OR OTHER ORGANIZATIONS?

9 MS. TRGOVCICH: WE'RE CERTAINLY WORKING WITH  
10 THEM, BUT A PRINCIPAL TASK IN THE CONTRACT WAS FOR THEM TO  
11 GET THE WORD OUT.

12 IF THEY ARE NOT READY, THEY INDICATED THEY  
13 WILL BE UP ON THE INTERNET MAKING THEIR SERVICES  
14 AVAILABLE, SO ONCE AGAIN, THAT DECEMBER ITEM WILL BE  
15 LOOKING, YOU KNOW, FOR THOSE TWO ISSUES, EFFECTIVENESS AND  
16 THEN DO YOU WANT TO TRANSFER ADDITIONAL FUNDS THAT ARE  
17 ALREADY ALLOCATED. AND ONE OF THE THINGS THAT WE'LL BE  
18 BRINGING FORWARD TO DO THAT, TO HAVE THAT EVALUATION  
19 CONDUCTED, IS THE REPORTS OF ACTIVITY AND THEN SOME  
20 CRITERIA UPON WHICH YOU MAY WANT TO BASE THAT DECISION.

21 CHAIRMAN RELIS: ALL RIGHT.

22 MEMBER PENNINGTON: A BRIEF RESPONSE. I THINK  
23 IT'S CALLED GOVERNING MAGAZINE. THEY HAVE A PIECE THIS  
24 MONTH ON THE WARS, THE ASPHALT.

25 MAYBE WE OUGHT TO TAKE A LOOK AT THAT AND DO

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1           SOMETHING TO RESPOND TO IT.

2                   MEMBER CHESBRO:   YOU MAY ALSO RECALL THAT WHEN WE  
3           APPROVED THE LOCAL GOVERNMENT RAC PROJECTS THAT THERE WAS  
4           SOME DIRECTION TO TRY TO INTEGRATE --

5                   CHAIRMAN RELIS:   RIGHT.

6                   MEMBER CHESBRO:   -- THOSE EFFORTS WITH THE L.A.  
7           CENTER, AND I UNDERSTAND IN AT LEAST ONE OF THE CASES --  
8           AND I'M NOT AWARE OF EXACTLY THE CASE IN THE OTHERS --  
9           THAT THAT IS, IN FACT, THE COMPLAINT.   I THINK THE COUNTY  
10          OF SACRAMENTO HAS SOMETHING WITH THEM.

11                  MS. TRGOVCICH:   I'M NOT SURE EXACTLY.

12                                I KNOW THAT IN EACH ONE OF THE AGREEMENTS AS  
13          WELL AS IN THE AGREEMENT WITH THE STATE, FOR THE STATEWIDE  
14          CENTER, THOSE FOUR SITES WERE MADE A PRIORITY FOR ANY  
15          ASSISTANCE AND THE AGREEMENT WITH EACH OF THE FOUR SITES  
16          INDIVIDUALLY, THEY WERE MADE AWARE OF THAT ASSISTANCE AND  
17          WHAT KIND OF ASSISTANCE THAT WOULD LOOK LIKE WAS THERE FOR  
18          THE ASKING.

19                   MEMBER CHESBRO:   WHAT I WAS THINKING WAS WE ASKED  
20          EACH OF THE -- IN ADDITION TO THE CENTER DIRECTLY  
21          ASSISTING THOSE FOUR JURISDICTIONS, WE ALSO ASKED THE FOUR  
22          JURISDICTIONS TO ESSENTIALLY DO SOME SORT OF FIELD DAYS OR  
23          SOME METHOD OF EDUCATING THE OTHER JURISDICTIONS IN THE  
24          REGION ABOUT WHAT THEY'RE DOING, AND WE MIGHT WANT TO

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AT

THAT'S -- WHEN WE ACHIEVE THAT, THAT WOULD BE A POINT

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1 WHICH INFORMATION ABOUT THE L.A. CENTER COULD ALSO BE  
2 PROVIDED TO THE JURISDICTIONS WHO CAME TO A MEETING OR  
3 CAME TO A DEMONSTRATION DURING THE LAYING OF THE PAVEMENT  
4 OR -- YOU KNOW, IT SEEMS LIKE WE COULD FIGURE OUT WAYS TO  
5 TIE THESE THINGS TOGETHER TO USE THOSE FOUR PROJECTS TO  
6 HELP GET THE WORD OUT IN NORTHERN CALIFORNIA ABOUT THE  
7 AVAILABILITY OF THOSE SERVICES DOWN SOUTH BECAUSE THAT'S  
8 SUPPOSED TO BE AVAILABLE FOR THE WHOLE STATE, SO THAT  
9 WOULD BE A WAY TO HELP GET THE WORD OUT.

10 MS. TRGOVCICH: WE'LL HAVE MANY OPPORTUNITIES.

11 MEMBER PENNINGTON: DO WE KNOW WHETHER ANY OF THE  
12 FOUR ACTUALLY --

13 MS. TRGOVCICH: MAYBE I COULD ASK MARTHA.

14 ARE YOU AWARE OF WHETHER ANY OF THE FOUR  
15 HAVE REQUESTED SPECIFIC ASSISTANCE?

16 I DO REMEMBER ONE OF THE SITES INDICATING  
17 THAT THEY WERE GOING TO. I DON'T KNOW THAT THAT HAS  
18 HAPPENED.

19 MEMBER CHESBRO: IT'S MY UNDERSTANDING THAT THIS  
20 COUNTY HAS BEEN IN COMMUNICATION WITH THE CENTER, BUT I  
21 DON'T KNOW ABOUT THAT.

22 MEMBER PENNINGTON: HAVE ANY OF THEM LAID THE  
23 ASPHALT?

24 MS. GILDART: MARTHA GILDART WITH WASTE  
25 PREVENTION AND MARKET DEVELOPMENT DIVISION.

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1                   LAITH GOUGH HAS BEEN WORKING WITH THE  
2 COUNTY. I KNOW THEY WERE OUT. THEY JUST DID A TOUR OF  
3 THE -- INSPECTION OF THE BIKE TRAIL. THE RUBBERIZED  
4 ASPHALT HAS NOT BEEN LAID YET, BUT IF IT IS OF INTEREST OF  
5 THE COMMITTEE, WE COULD HAVE A STATUS REPORT NEXT MONTH,  
6 PERHAPS.

7                   CHAIRMAN RELIS: DO YOU WANT THAT? OKAY.

8                   MS. TRGOVCICH: WOULD THAT BE PLACED ON POLICY  
9 COMMITTEE OR MARKET DEVELOPMENT?

10                  MS. GILDART: JUST A STATUS. NO PROBLEM.

11                  CHAIRMAN RELIS: SPEAKING OF THAT, IF WE DON'T  
12 GET THE TAPE TODAY, I'D LIKE TO HAVE THE COMPOST TAPE NEXT  
13 MEETING ON THE AGENDA.

14                  MS. TRGOVCICH: CERTAINLY.

15                  CHAIRMAN RELIS: OKAY. THAT BRINGS US TO OUR  
16 REGULAR BUSINESS. WE HAVE TWO ITEMS FOR TODAY AND AN OPEN  
17 DISCUSSION AFTER THAT. SO ANYONE WISHING TO SPEAK IS  
18 REMINDED THAT THERE ARE FORMS AT THE BACK OF THE ROOM.  
19 PLEASE BRING THOSE FORWARD AND GIVE THEM TO DONNELL DUCLO  
20 AT THE FRONT HERE.

21                  MS. TRGOVCICH: MR. CHAIRMAN AND MEMBERS, ITEM  
22 NO. 2 ON YOUR AGENDA IS CONSIDERATION OF THE ANNUAL  
23 STATUS REPORT FOR THE NEWSPRINT CERTIFICATION PROGRAM,  
24 RECOMMENDATION CONCERNING AUDITS OF NEWSPRINT CONSUMERS,  
25 AND ENFORCEMENT ISSUES INCLUDING OPTIONS, PROCEDURES, AND

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1 PENALTY CRITERIA.

2 THIS IS A MULTI-PART ITEM, AND SO WE WILL DO  
3 OUR BEST TO MOVE YOU THROUGH IT AS COHESIVELY AS POSSIBLE.  
4 RICK MULLER WILL BE MAKING THE PRESENTATION FOR STAFF.

5 VERY BRIEFLY, I'D JUST LIKE TO ADVISE THE  
6 COMMITTEE THAT STAFF VIEWED THIS ITEM AS THE FIRST ITEM IN  
7 A TWO-STEP PROCESS.

8 THE ITEM TODAY DEALS SPECIFICALLY WITH THE  
9 ANNUAL STATUS REPORT, SO THE STATUS REPORT COVERING THE  
10 1996 CERTIFICATIONS WHICH WERE DUE MARCH 1 OF THIS YEAR  
11 AND RECOMMENDATIONS AROUND ENFORCEMENT AS IT RELATES TO  
12 REMAINING NON-FILERS FOR THE 1996 YEAR.

13 WE WERE PLANNING A SUBSEQUENT ITEM TO BE  
14 BROUGHT FORWARD TO YOU IN THE MONTH OF NOVEMBER TO THIS  
15 COMMITTEE TO ADDRESS HOW WE CAN GO ABOUT REDUCING THE  
16 NUMBER OF LATE FILERS FOR CALENDAR YEAR 1997. THOSE  
17 CERTIFICATIONS ARE DUE ON MARCH 1 OF 1998.

18 IT IS MY UNDERSTANDING THAT THERE WAS A  
19 REPRESENTATIVE FOR THE CALIFORNIA NEWSPAPER PUBLISHERS  
20 ASSOCIATION HERE TODAY, JAMES EWERT, WHO WISHES TO SPEAK  
21 TO YOU LATER ON THAT MATTER, AS WELL, AS IT RELATES TO  
22 FURTHER COLLABORATION, AND THAT MAY PRECLUDE THE

NOVEMBER

23 ITEM, BUT I WANTED TO BRING TO YOUR ATTENTION THAT

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THAT

24 WILL ALSO BE AN ITEM OF DISCUSSION TODAY, AS WELL.

AND

25 WITH THAT, I'D LIKE TO TURN IT OVER TO RICK.

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1                   MR. MULLER:   GOOD MORNING, MR. CHAIRMAN AND  
2                   COMMITTEE MEMBERS.   FOR THE RECORD, MY NAME IS RICK  
3                   MULLER, AND I'M LEAD FOR THE RECYCLED CONTENT NEWSPRINT  
4                   PROGRAM.

5                   THE PURPOSE OF THIS AGENDA ITEM IS  
6                   THREE-FOLD:   FIRST IT'S TO UPDATE THE COMMITTEE ON THE  
7                   PROGRESS AND TRENDS FOR THE RECYCLED CONTENT NEWSPRINT  
8                   PROGRAM FOR 1996, TO DISCUSS THE STAFF RECOMMENDATION  
9                   CONCERNING AUDITS OF NEWSPRINT CONSUMERS, AND FINALLY TO  
10                  DISCUSS COMPLIANCE ISSUES AND ENFORCEMENT OPTIONS.

11                  I'D LIKE TO GIVE A LITTLE BIT OF BACKGROUND  
12                  ABOUT THE RECYCLED CONTENT NEWSPRINT PROGRAM AND THE --  
13                  AND THE LAW.

14                  THIS IS BASICALLY A MINIMUM CONTENT PROGRAM,  
15                  AND IT REQUIRES NEWSPRINT CONSUMERS IN CALIFORNIA TO USE A  
16                  MINIMUM AMOUNT OF RECYCLED CONTENT NEWSPRINT EACH YEAR AND  
17                  TO ANNUALLY CERTIFY TO THE BOARD SO THAT WE CAN VERIFY THE  
18                  RECYCLED CONTENT USE.

19                  THERE'S A -- A MIN -- A GRADUATED MINIMUM  
20                  USE REQUIREMENT, AND THIS WAS 35 PERCENT DURING 1996 FOR  
21                  THAT REPORTING YEAR.   THE MINIMUM USE REQUIREMENT CAPS AT  
22                  THE YEAR 2000 AT 50 PERCENT.

23                  FOR THE PURPOSES OF THIS PROGRAM, RECYCLED  
24                  CONTENT NEWSPRINT IS DEFINED AS NEWSPRINT THAT CONTAINS AT  
25                  LEAST 40 PERCENT POSTCONSUMER FIBER.

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1                   SINCE I TOOK OVER THE PROGRAM IN 1993, I'VE  
2                   GIVEN AN ANNUAL STATUS REPORT EACH YEAR TO THE MARKET  
3                   DEVELOPMENT COMMITTEE, AND BEGINNING AUGUST '95, THE BOARD  
4                   APPROVED A MORE FORMAL REPORTING PROCEDURE AND -- WHICH  
5                   INCLUDED AN AUDIT POLICY, AND HAD SPECIFIED SEVEN SPECIFIC  
6                   AUDIT CRITERIA OR AUDIT TRIGGERS WHICH FORMED THE BASIS  
7                   FOR A STAFF RECOMMENDATION CONCERNING AUDITING.

8                   THIS -- THIS ITEM CONTAINS TWO SPECIFIC  
9                   STAFF REC -- RECOMMENDATIONS. FIRST, STAFF DOES NOT  
10                  RECOMMEND AUDITS OF NEWSPRINT CONSUMERS AND SUPPLIERS  
11                  BASED ON THE 1996 REPORTING YEAR AND BASED ON THE -- THE  
12                  AUDIT CRITERIA THAT I MENTIONED.

13                  HOWEVER, STAFF HAS IDENTIFIED AND CONSIDERS  
14                  THAT THE HIGH NUMBER OF LATE AND DELINQUENT CERTIFICATIONS  
15                  TO BE AREAS OF CONCERN.

16                  SECONDLY, STAFF RECOMMENDS THAT THE MARKET  
17                  DEVELOPMENT COMMITTEE APPROVE AND FORWARD RESOLUTION  
18                  97-458 WHICH WOULD ADOPT REPORTING PROCEDURES AND CRITERIA  
19                  FOR PENALTIES SET FORTH IN THIS ITEM FOR ENFORCEMENT ITEMS  
20                  UNDER THE RECYCLED CONTENT NEWSPRINT LAW, AND WE FURTHER  
21                  RECOMMEND THAT THE BOARD INITIATE ENFORCEMENT ACTION BY  
22                  ASSESSING A CIVIL PENALTY AGAINST ONE COMPANY THAT DID NOT  
23                  COMPLY WITH THE REPORTING REQUIREMENTS FOR THREE  
24                  CONSECUTIVE YEARS BEGINNING IN 1994.

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25

I MENTIONED I'M GOING TO TALK A LITTLE BIT

18

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1 ABOUT SOME OF THE TRENDS WITH THE PROGRAM, AND I'M GOING  
2 TO DO THIS BY -- THROUGH THE USE OF GRAPHS SO THAT YOU CAN  
3 SEE THE -- HOW THESE TRENDS HAVE VARIED OVER THE YEARS.

4 THIS -- FOR 1996, IT SHOWS 180 COMPANIES  
5 REPORTING. IN ACTUALITY, THIS IS 182 BECAUSE WE JUST  
6 RECEIVED TWO NEWSPRINT CERTIFICATIONS THAT WERE RECEIVED  
7 JUST BEFORE THE STATUS REPORT.

8 AS YOU CAN SEE, THE -- THE NUMBER OF  
9 COMPANIES REPORTING -- OR NEWSPRINT CONSUMERS REPORTING TO  
10 US HAS DECLINED OVER THE YEARS BEGINNING ABOUT 1994, AND  
11 THE REASON FOR THIS PRIMARILY IS CONSOLIDATED REPORTING,  
12 PARENT COMPANIES REPORTING FOR SUBSIDIARIES.

13 THIS -- THIS SHOWS THE TOTAL NEWSPRINT  
14 CONSUMPTION FOR -- IN CALIFORNIA FOR THE YEAR 1996, AND IT  
15 SHOWS THAT TOTAL NEWSPRINT CONSUMPTION HAS DECLINED SINCE  
16 ABOUT BEGINNING 1995, AND THIS IS SOMEWHAT PUZZLING.

17 I DON'T WANT TO GET OFF ON A DIGRESSION, BUT  
18 IT'S -- IT WAS SORT OF THOUGHT THAT WITH THE ECONOMY  
19 PICKING UP IN 1996 THAT THE NEWSPRINT -- TOTAL NEWSPRINT  
20 CONSUMPTION WOULD HAVE INCREASED.

21 THERE COULD BE A NUMBER OF REASONS FOR THIS.  
22 IT COULD BE THAT NEWSPAPERS ARE BECOMING MORE EFFICIENT IN  
23 THE USE -- OF THE FORMATTING FOR PRINTING OF PAPERS. THEY  
24 MAY EVEN BE USING LIGHTER STOCKS, AND IT MAY EVEN REFLECT

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25           A LOSS OF MARKET SHARE FOR NEWSPRINT VIS-A-VIS -- COMPARED

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1 TO OTHER MEDIA, BUT BRIAN FORAN IS ACTUALLY INTERESTED IN  
2 THIS AND IS LOOKING INTO THIS A LITTLE BIT MORE.

3 MEMBER CHESBRO: HAS THERE BEEN ANY -- AGAIN, NOT  
4 TO GET TOO FAR INTO THIS, BUT JUST CURIOUS.

5 HAS THERE BEEN ANY COMPARISON TO OTHER PAPER  
6 CONSUMPTION TRENDS? DO WE HAVE ANY DATA? HAS BRIAN  
7 LOOKED AT ANY OTHER DATA IN TERMS OF THE OVERALL -- WHAT I  
8 FIND CURIOUS ABOUT IT IS THAT IT -- ISN'T THAT IT'S  
9 DECLINED, BUT IT'S NOT A STEADY DECLINE. IT ALMOST IS THE  
10 OPPOSITE OF THE RECESSION.

11 IT INCREASED FROM '91 TO '94 WHEN THE  
12 RECESSION WAS AS ITS WORST, AND THEN NOW THAT THINGS ARE  
13 IMPROVING, IT'S DROPPING.

14 IT'S REALLY KIND OF A BIZARRE NUMBER, AND  
15 SO --

16 MEMBER PENNINGTON: PARTICULARLY A LOT OF  
17 NEWSPAPERS HAVE GONE TO ATTEMPTING TO CUT DOWN ON THEIR  
18 ACTUAL CONSUMPTION OF NEWSPRINT ALTOGETHER.

19 MEMBER CHESBRO: YOU EXPECT THEIR AMOUNT OF  
20 ADVERTISING SPACE WOULD INCREASE, WOULDN'T YOU?

21 MEMBER PENNINGTON: I KNOW IN THE NEWS PAGES AND  
22 STUFF, THEY'VE REDUCED A LOT OF THINGS.

23 CHAIRMAN RELIS: WE WILL HEAR LATER, AND PERHAPS  
24 OUR REPRESENTATIVE FROM THE PUBLISHER'S ASSOCIATION CAN  
25 SHED SOME LIGHT ON THIS OR WE MIGHT DIRECT A LETTER TO

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1           THEM TO ASK US -- TO HELP US UNDERSTAND WHAT MIGHT BE  
2           GOING ON.

3                   MEMBER CHESBRO:    OKAY.    AND I THINK THE STAFF  
4           POINT ABOUT NOT SPENDING TOO MUCH TIME ON IT, BUT IT IS AN  
5           INTERESTING --

6                   MEMBER PENNINGTON:   IT IS.

7                   MEMBER CHESBRO:    -- QUESTION.

8                   MEMBER PENNINGTON:   PHENOMENON, YEAH.

9                   MR. MULLER:    ACTUALLY, I DON'T HAVE AN ANSWER TO  
10          YOUR QUESTION REGARDING COMPARISON TO OTHER TYPES OF  
11          PAPER.

12                            I WOULD LIKE TO POINT OUT THAT THIS FIGURE  
13          WE CONSIDER TO BE RELIABLE BECAUSE WE -- WE GOT THE AFPA  
14          AGGREGATE SHIPMENTS INTO CALIFORNIA AND IT'S VERY CLOSE TO  
15          THIS NUMBER.   IT'S ACTUALLY 1.52 AS COMPARED TO ABOUT 63.

16                            THIS IS AN IMPORTANT GRAPH BECAUSE IT SHOWS  
17          THAT THE -- THAT WHILE THE TOTAL CONSUMPTION OF NEWSPRINT  
18          AGGREGATE CONSUMPTION HAS GONE DOWN, THE ACTUAL PERCENTAGE  
19          OF RECYCLED CONTENT NEWSPRINT USED BY CALIFORNIA CONSUMERS  
20          IN '96 REMAINED ABOUT THE SAME AS '95.

21                            THEY'RE STILL VERY CLOSE, TOTAL CAP OF 50  
22          PERCENT WHICH THEY ACTUALLY REACHED LAST -- IN '95.   THEY  
23          LOST MAYBE A LITTLE OVER ONE PERCENTAGE POINT.

24                            THIS -- THIS SHOWS THE -- THE AGGREGATE  
25          SHIPMENTS THAT WERE REPORTED BY OUR TWELVE RECYCLED

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1           CONTENT NEWSPRINT SUPPLIERS OR MAJOR MANUFACTURERS THAT  
2           SUPPLY CALIFORNIA, AND THIS FIGURE RECONCILED VERY WELL  
3           WITH THE TOTAL RECYCLED CONTENT -- THIS IS RECYCLED  
4           CONTENT SHIPPED INTO CALIFORNIA, AND IT RECONCILED VERY  
5           WELL WITH THE RECYCLED CONTENT CONSUMPTION REPORTED BY ALL  
6           THE CONSUMERS, WHICH WAS 804,000 METRIC TONS CONSUMED AS  
7           COMPARED TO 794,000 METRIC TONS SHIPPED INTO CALIFORNIA,  
8           SO WE CONSIDER THIS TO BE A SIGN THAT -- THAT OUR -- WE'VE  
9           PRETTY MUCH ACCOUNTED FOR MOST OF THE -- THE NEWSPRINT  
10          CONSUMERS IN THE STATE.

11                    AND THIS IS AN IMPORTANT GRAPH BECAUSE IT  
12           SHOWS THAT THERE'S BEEN A DECLINE IN THE NUMBER OF -- OR  
13           THE PERCENTAGE OF NEWSPRINT CONSUMERS THAT HAVE MET THE  
14           GOALS OF THE PROGRAM WITHOUT RELYING ON EXEMPTION CLAIMS.

15                    THIS NUMBER ACTUALLY PEAKED IN 1993 WHERE WE  
16           HAD 86 PERCENT COMPLIANCE, AND IT'S NOW AT 76 PERCENT, BUT  
17           THE NUMBER -- OR THESE -- THIS DECLINE MIGHT BE CONSIDERED  
18           SIGNIFICANT IF YOU LOOKED AT THE THREE-YEAR DECLINE RATHER  
19           THAN JUST COMPARING IT FOR TWO YEARS.

20                    AND THIS IS REALLY KIND OF THE INVERSE OF  
21           THE LAST GRAPH. IT JUST SHOWS THAT THE TOTAL NUMBER OF  
22           EXEMPTION CLAIMS REPORTED EACH YEAR, AND YOU CAN SEE THAT  
23           WITH THE EXCEPTION OF THE FIRST YEAR OF THE PROGRAM WHEN  
24           THINGS WERE ACTUALLY GEARING UP, WE'VE HAD THE HIGHEST  
25           NUMBER OF REPORTED EXEMPTIONS, AND THIS INCLUDES TOTE --

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1 THIS IS TOTAL EXEMPTIONS, NOT NUMBER OF COMPANIES  
2 REPORTING EXEMPTIONS.

3 THIS IS A -- A GRAPH OF COMPANIES THAT  
4 DIDN'T MEET THE GOAL AND FAILED TO PROVIDE THE STAFF WITH  
5 VALID EXEMPTION CLAIMS.

6 THERE WAS ONE COMPANY IN THIS CATEGORY IN  
7 1996 COMPARED TO THREE LAST YEAR. THIS COMPANY, WHILE IT  
8 DIDN'T HAVE A VALID EXEMPTION CLAIM, DID PROVIDE DETAIL -

-  
9 THE DETAILED EXPLANATION AS TO WHY THEY DIDN'T MEET THE  
10 GOAL, AND STAFF FOR THAT REASON -- AND IT WAS AN  
11 UNDERSTANDABLE REASON, AND FOR THAT REASON, STAFF DID NOT  
12 RECOMMEND ANY ENFORCEMENT ACTION AGAINST THIS COMPANY.

13 I -- I'D LIKE TO -- BEFORE I GO ON TO TALK  
14 ABOUT AUDIT CRITERIA, I'D LIKE TO UPDATE THE COMMITTEE ON  
15 TWO ISSUES. THE FIRST IS INDUSTRY COOPERATION.

16 THE CONSUMER TRADE ASSOCIATIONS, INCLUDING  
17 THE CNPA, THE CALIFORNIA NEWSPAPER ASSOCIATION, PIC, THE  
18 PRINTING INDUSTRIES OF CALIFORNIA, AND PINK, WHICH IS THE  
19 PRINTING INDUSTRIES OF NORTHERN CALIFORNIA, ALL WERE VERY  
20 COOPERATIVE WITH STAFF CONCERNING THE '96 REPORTING OF  
21 NEWSPRINT CONSUMERS.

22 IN FACT, THEY VOL -- I'LL GIVE TWO  
EXAMPLES.

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23           THEY VOLUNTARILY OFFERED THEIR ASSISTANCE IN REDUCING THE  
24           NUMBER OF LATE AND DELINQUENT CERTIFICATIONS, AND I  
25           BELIEVE THERE'S A REPRESENTATIVE FROM CNPA THAT'S GOING  
TO

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1 TALK ON THIS ISSUE LATER.

2 ALSO, THE CONSUMER TRADE ASSOCIATIONS  
3 VOLUNTARILY PROVIDED DIRECTORIES OF THEIR ORGANIZATIONS  
TO  
4 STAFF WHICH HELPED STAFF UPDATE ORGANIZATIONAL CHANGES IN  
5 THE INDUSTRY, AND THESE DIRECTORIES WERE PROVIDED FOR  
6 FREE.

7 A THIRD EXAMPLE IS THE ASSISTANCE PROVIDED  
8 BY THE AMERICAN FOREST AND PAPER ASSOCIATION WHICH  
9 VOLUNTARILY PROVIDED STAFF WITH THE AGGREGATE NEWSPRINT  
10 CONSUMPTION OR AG -- AGGREGATE NEWSPRINT SHIPMENTS INTO  
11 CALIFORNIA WHICH HELPED STAFF TO RECONCILE THE AGGREGATE  
12 CONSUMPTION NUMBERS.

13 I'D ALSO LIKE TO UPDATE THE COMMITTEE ON  
14 THE -- THE OFFICE OF STATE PRINTING. THE OFFICE OF STATE  
15 PRINTING IS THE ONLY STATE GOVERNMENT NEWSPRINT CONSUMER,  
16 AND AS COMMITTEE MEMBERS MAY RECALL, IN 1996 THERE WAS A  
17 MEDIA FLAP ABOUT THE OFFICE OF STATE PRINTING'S FAILURE  
TO  
18 MEET THE PROGRAM GOALS.

19 IN FACT, THE OFFICE WAS NOT IN VIOLATION OF  
20 THE LAW BECAUSE THEY HAD FILED VALID EXEMPTION CLAIMS,  
AND  
21 THEY CLAIMED THAT THEY HAD PROBLEMS WITH NEWSPRINT SUPPLY

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22 FOR 1995 AND 1996.

23 NEVERTHELESS, WE DID RE -- THEY DID RECEIVE

24 SOME BAD PRESS AND THE BOARD AND OFFICE OF STATE PRINTING

25 RECEIVED A NUMBER OF LETTERS FROM IRATE CITIZENS, SO

STAFF

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1       MADE A POINT OF WORKING VERY CLOSELY WITH THE OFFICE OF  
2       STATE PRINTING DURING 1996 AND 1997. WE MET WITH THEM TO  
3       DISCUSS COMPLIANCE ISSUES AND TO PROVIDE THEM WITH OUR  
4       COMPLETE LIST OF RECYCLED CONTENT NEWSPRINT SUPPLIERS,  
5       ALSO MADE A NUMBER OF FOLLOW-UP CALLS, AND I'M VERY HAPPY  
6       TO REPORT THAT STAFF HAS RECENTLY LEARNED THAT THE OFFICE  
7       OF STATE PRINTING SIGNED A TWO-YEAR PURCHASE CONTRACT FOR  
8       A HUNDRED PERCENT RECYCLED NEWSPRINT, SO WE'RE EXPECTING  
9       MUCH BETTER RESULTS FOR THE '97 REPORTING YEAR.

10               MEMBER CHESBRO: CAN I MAKE A COMMENT ON THIS  
11       YEAR? RICK BEST IS IN THE AUDIENCE.

12               I WAS AT A MEETING IN WEST SACRAMENTO OF THE  
13       SACRAMENTO AREA BUYRECYCLE BUSINESS COALITION, AND  
14       EVERYONE WENT AROUND THE ROOM AND INTRODUCED THEMSELVES  
15       AND RICK INTRODUCED HIMSELF FROM THE CALIFORNIANS AGAINST  
16       WASTE, AND THEN I THINK THE NEXT PERSON WHO INTRODUCED  
17       THEMSELF JUST KIND OF -- I'M SORRY. I DON'T REMEMBER THE  
18       PERSON'S NAME, BUT THE PERSON FROM GENERAL SERVICES  
19       SAID -- THANKED RICK FOR CAW FOR CREATING THE POSITION  
20       THAT HE'D JUST BEEN APPOINTED TO TO MAKE SURE THAT THE  
21       NEWSPRINT PROBLEM GOT SOLVED.

22               SO ANYWAY, A TIP OF THE HAT FOR CAW FOR  
23       HAVING PUSHED THAT ISSUE AND HELPING TO PUBLICIZE IT  
24       BECAUSE IT OBVIOUSLY HAS AN EFFECT; AND AS I SAID, IT'S  
25       REALLY IMPORTANT FOR US TO WALK THE TALK, AND EVEN THOUGH

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1 IT'S NOT US, THIS BOARD, IT'S ANOTHER STATE AGENCY, AND I  
2 THINK IT ADDS TO OUR CREDIBILITY WHEN THE STATE IS  
3 FULFILLING WHAT IT'S REQUIRING OTHERS TO DO.

4 MEMBER PENNINGTON: ABSOLUTELY.

5 MR. MULLER: I MENTIONED EARLIER THAT THERE ARE  
6 SEVEN AUDIT CRITERIA SPECIFIED, AND IN THE INTEREST OF  
7 TIME -- I DON'T WANT TO READ ALL THESE. I JUST WANT TO  
8 TALK ABOUT TWO OF THEM THAT I THINK ARE AT ISSUE HERE.

9 THE FIRST IS EVIDENCE OF A SIGNIFICANT  
10 INCREASE IN LATE OR DELINQUENT NEWSPRINT CERTIFICATIONS.  
11 FOR 1996, STAFF NOTED THAT THERE WERE 59 LATE  
12 CERTIFICATIONS AND, PERHAPS MORE SIGNIFICANTLY, 51 OF  
13 THESE WERE OVER 45 DAYS LATE.

14 THIS IS CLEARLY NOT AN ACCEPTABLE SITUATION  
15 AND STAFF CONSIDERS IT TO BE AN AREA OF CONCERN.

16 WE ALSO HAD -- WE ALSO HAD THREE DELINQUENT  
17 CONSUMERS, BUT THERE'S ONLY ONE NOW, AND I'LL TALK ABOUT  
18 SOME OF THE ENFORCEMENT EFFORTS THAT WE MADE.

19 HOWEVER, STAFF DOES NOT RECOMMEND AUDITING  
20 BASED ON THIS -- THIS AUDIT CRITERIA -- CRITERION BECAUSE  
21 WE DO NOT BELIEVE THAT WE'VE EXHAUSTED ALL OUR -- OUR  
22 OPTIONS, OUR REMEDIES SUCH AS WORKING WITH THE TRADE  
23 ASSOCIATIONS, SPECIFICALLY CNPA AND PIC AND PINK.

24 ALSO, WE MAKE NOTE OF THE FACT THAT THE --  
25 THE -- AS A GROUP, THE NEWSPRINT CONSUMERS ARE -- HAVE --

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1 ARE STILL VERY CLOSE TO THE 50 PERCENT GOAL FOR THE  
2 PROGRAM, SO THAT, I THINK, SHOULD BE A CONSIDERATION.

3 THE SECOND AUDIT CRITERION THAT WE WANT TO  
4 TALK ABOUT IS A SIGNIFICANT INCREASE IN EXEMPTION CLAIMS  
5 BY NEWSPRINT CONSUMERS DURING '96.

6 I SHOWED THE GRAPH EARLIER THAT SHOWED THAT  
7 THE NUMBER OF EXEMPTION CLAIMS IN -- IN '96 HAD RISEN  
8 SIGNIFICANTLY OVER A THREE-YEAR PERIOD; SO IF YOU LOOK AT  
9 IT AS A TWO-YEAR TREND, IT'S NOT SIGNIFICANT, BUT PERHAPS  
10 IF YOU LOOK AT IT OVER THE THREE-YEAR INCREASE, IT -- IT  
11 MIGHT BE.

12 AGAIN, STAFF CONSIDERED IT TO BE AN AREA OF  
13 CONCERN, BUT DO NOT RECOMMEND AUDIT BECAUSE WE CAN -- WE  
14 BELIEVE THAT THE TREND IN '96 CAN BE TRACED TO A DECISION  
15 BY NORPAC, WHICH IS A MAJOR RECYCLED CONTENT NEWSPRINT  
16 SUPPLIER IN CALIFORNIA.

17 A NUMBER OF CONSUMERS WERE IMPACTED BY  
18 THEIR  
19 DECISION IN '96 TO DISCONTINUE THE MANUFACTURE OF  
20 RECYCLED  
21 CONTENT NEWSPRINT.

22 IT HAD -- THEIR NEWSPRINT ACTUALLY HAD  
RECYCLED FIBER IN IT, BUT IT DIDN'T MEET THE CALIFORNIA  
STANDARD, SO FORTUNATELY NORPAC HAS REVERSED ITS

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23           DECISION -- REPORTEDLY REVERSED ITS DECISION FOR '97

AND

24           WE HOPE THAT -- THAT NEXT YEAR THAT THIS WON'T BE A  
25           PROBLEM AND THAT THE ACTUAL COMPLIANCE RATE WILL  
INCREASE

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1           AGAIN AND THE NUMBER OF -- I SHOULD SAY THE NUMBER OF  
2           EXEMPTION CLAIMS WILL -- WILL GO DOWN.

3                       I MENTIONED THE -- THE FACT THAT WE STILL  
4           HAVE ONE DELINQUENT COMPANY. THIS IS A COMPANY THAT  
5           HASN'T COMPLIED WITH THE LAW OR HASN'T FILLED OUT THE  
6           CERTIFICATION SINCE 1993 WHERE THEY HAD REPORTED ABOUT 60  
7           METRIC TONS CONSUMPTION IN '93.

8                       STAFF WORKED VERY HARD TO BRING IN THE THREE  
9           DELINQUENT ONES AND WE WERE SUCCESSFUL IN TWO OUT OF THREE  
10          CASES.

11                      WE SENT OUT A NUMBER OF LETTERS AND EVEN  
12          SENT COPIES OF THE AGENDA ITEM AND GOT A -- TWO OF THE  
13          THREE IN UNDER THE WIRE.

14                      I'M GOING TO TURN THE -- THE DISCUSSION OVER  
15          NOW TO DEBORAH BORZELLERI WHO'S GOING TO TALK A LITTLE  
16          BIT, PROVIDE A LITTLE BIT MORE DETAIL ON THE STAFF  
17          RECOMMENDATION CONCERNING AN ENFORCEMENT ACTION AGAINST  
18          THIS ONE COMPANY, AND SHE WILL ALSO TALK ABOUT SOME OF THE  
19          ISSUES RELATED TO ENFORCEMENT ACTIONS.

20                      MS. BORZELLERI: GOOD MORNING, COMMITTEE  
21          MEMBERS.

22                      I WANTED TO POINT OUT TO YOU THAT WE HAVE  
23          TWO ENFORCEMENT OPTIONS WITH THIS ONE DELINQUENT CONSUMER.  
24          THE LAW GIVES US TWO WAYS TO GO; ONE IS A QUASI-CRIMINAL

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25 PENALTY, WHICH WOULD BASICALLY BE AN INFRACTION.

28

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1 TO PURSUE THAT, WE WOULD NEED TO -- TO REFER  
2 THAT OVER TO THE AG AND GET THEM TO PROSECUTE. WE'RE NOT  
3 RECOMMENDING THAT AT THIS TIME.

4 THE OTHER OPTION WE HAVE IS TO INVOKE CIVIL  
5 PENALTIES. WE HAVE A WAY TO ENFORCE UP TO \$1,000 PER  
6 VIOLATION, SO IN THIS CASE, THEY'VE GOT THREE YEARS. WE  
7 COULD GET UP TO \$3,000 FOR THIS PARTICULAR VIOLATION.

8 IF THE BOARD DOES WISH TO PURSUE THAT  
9 OPTION, WE FROM THE LEGAL OFFICE FELT THAT WE NEEDED SOME  
10 SORT OF FRAMEWORK FOR A NOTICE AND A HEARING PROCESS, AND  
11 SO I'LL JUST LAY THAT OUT FOR YOU BRIEFLY AND THEN TALK  
12 ABOUT THE PENALTY CRITERIA THAT WE -- THAT'S SUGGESTED.

13 SO FOR THIS PROCESS THAT WE'RE SUGGESTING,  
14 IT'S FASHIONED AFTER THE NOTICE AND HEARING PROCESS THAT  
15 WAS RECOMMENDED FOR THE PLANNING DOCUMENTS IN THE PLANNING  
16 COMMITTEE, AND I'LL JUST GO THROUGH IT BIT BY BIT.

17 WE WOULD SUGGEST A NOTICE 30 DAYS IN  
18 ADVANCE, WHICH WOULD INCLUDE A DESCRIPTION OF THE  
19 NON-COMPLIANCE. WE WOULD SUGGEST THAT THE HEARING BE  
20 CONDUCTED BEFORE THE FULL BOARD INSTEAD OF JUST A  
21 SUBCOMMITTEE OF THE BOARD. THE FULL BOARD WOULD HEAR  
IT  
22 PERHAPS ON SECOND-DAY ACTIVITIES.

23 THE HEARING WOULD NEED TO BE OPEN TO THE

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24 PUBLIC. WE'D HAVE A FORMAL SWEARING IN OF WITNESSES OR  
25 ANYONE ELSE TESTIFYING.

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1                   WE WOULD THEN HAVE A STAFF PRESENTATION;  
2           THEN THE CONSUMER SUPPLIER WOULD DO THEIR RESPONSE, ANY  
3           PUBLIC TESTIMONY THAT WANTED TO COME FORWARD; THEN THE  
4           BOARD WOULD DELIBERATE AND REACH DECISION, AND THEN WITHIN  
5           30 DAYS OF THAT DECISION BEING MADE, THERE'D BE A WRITTEN  
6           ORDER SIGNED BY THE EXECUTIVE OFFICER THAT WOULD GO OUT TO  
7           THE CONSUMER ORDERING THE COMPLIANCE OR THAT THE PENALTY  
8           BE PAID.

9                   WE HAVE SOME NEW PROCEDURES. I HAD  
10          MENTIONED IN THE AGENDA ITEM REGARDING EX-PARTE  
11          COMMUNICATIONS. THE ADMINISTRATIVE PROCEDURE ACT  
12          EFFECTIVE JULY 1, 1997, HAS SOME NEW PROCEDURES REGARDING  
13          EX-PARTE.

14                   THEY'RE BASICALLY LIMITED. ANY MATERIAL  
15          ISSUE THAT COMES BEFORE THE HEARING BODY, WHICH WOULD BE  
16          EACH AND EVERY BOARD MEMBER ON AN INDIVIDUAL BASIS,  
17          WOULD  
18          NEED TO THEN BE BROUGHT FORWARD TO EVERYONE ELSE AND  
19          EVERYONE WOULD NEED TO COMMENT ON THAT.

20                   SO WE'RE SUGGESTING THAT THERE MAY BE SOME  
21          CONCERNS IF SOMEONE TRIES TO CONTACT THE BOARD EX-PARTE.

22                   MOVING INTO THE CRITERIA FOR PENALTIES,  
23          WE'VE COME UP WITH A LIST OF CRITERIA THAT WE'RE  
                SUGGESTING THE BOARD MAY WISH TO CONSIDER.



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1 HAS DETERMINED AHEAD OF TIME WHAT THOSE GUIDELINES MIGHT  
2 BE, THEY'D BE IN A BETTER POSITION TO LISTEN TO THE  
3 EVIDENCE.

4 LET'S SEE. WE HAVE SUGGESTED THAT SOME  
5 THINGS THE BOARD MIGHT WANT TO CONSIDER FROM THE  
6 VIOLATOR'S GOOD FAITH EFFORTS TO COMPLY OR THEIR LACK OF  
7 GOOD FAITH; VIOLATOR'S DEGREE OF WILLINGNESS TO COMPLY,  
8 WHICH KINDS OF TIES INTO, PREVIOUS ONE; THE HISTORY OF  
9 THEIR COMPLIANCE IN THE PAST, AND THEIR ACTUAL IMPACT ON  
10 THE RECYCLED CONTENT NEWSPRINT MARKET, HOW MUCH NEWSPRINT  
11 DO THEY PRODUCE OR CONSUME.

12 THE SIZE OF THEIR OPERATION, AND THAT WOULD  
13 RELATE TO THEIR ABILITY TO ACTUALLY PAY THE FINE. IF  
14 THEY'RE VERY SMALL, YOU MIGHT CONSIDER A SMALLER PENALTY;  
15 IF THEY'RE LARGE, LARGER PENALTY, AND ANY OTHER UNIQUE  
16 CIRCUMSTANCES THAT THE BOARD WOULD DETERMINE RELEVANT AT  
17 THE TIME BECAUSE THIS, OF COURSE, IS A CASE BY CASE  
18 DETERMINATION.

19 AND THEN STAFF WOULD MAKE THE RECOMMENDATION  
20 AS TO -- A SEPARATE HEARING WOULD BE HELD FOR EACH ONE,  
21 AND STAFF WOULD MAKE A RECOMMENDATION AS TO WHAT THEY  
22 THOUGHT THE PENALTY MIGHT -- WHAT PENALTY MIGHT BE  
23 APPROPRIATE.

24 SO AGAIN, IF THE BOARD DOES WISH TO PURSUE

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25 THIS, I THINK THIS NOTICE AND HEARING PROCESS COULD BE

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1           USED IF WE INVOKED IT FOR THE DELINQUENT CONSUMER THAT  
2           WE'RE TALKING ABOUT RIGHT NOW OR THE LATE FILERS IF DURING  
3           NEXT MONTH'S AGENDA ITEM WE COME UP WITH A PROCESS OR WE  
4           DECIDE TO GO WITH NOTICE AND HEARING FOR THAT AS WELL.

5           MEMBER PENNINGTON:   MR. CHAIR?

6           CHAIRMAN RELIS:    YES.

7           MS. TRGOVCICH:    I --

8           MEMBER PENNINGTON:   -- GO AHEAD.   I'M SORRY.

9           MS. TRGOVCICH:    I WAS JUST GOING TO SUMMARIZE FOR  
10          YOU THAT THERE ARE ACTUALLY TWO ITEMS BEFORE YOU FOR  
11          CONSIDERATION BASED UPON THE PRESENTATION THAT YOU'VE  
12          HEARD.

13                            THE FIRST IS THE STAFF RECOMMENDATION THAT  
14          BASED UPON THE SEVEN AUDIT CRITERIA, AND IN LOOKING AT THE  
15          STATUS REPORT FOR THE '96 CERTIFICATIONS THAT WE NOT  
16          PURSUE AN AUDIT AT THIS TIME, NOT INVOKE THOSE AUDIT  
17          PROCEDURES.

18                            AND THE SECOND ACTION ITEM BEFORE YOU IS  
19          WHETHER OR NOT AS A COMMITTEE YOU WISH TO RECOMMEND TO THE  
20          BOARD TO PURSUE ENFORCEMENT ACTION AGAINST THE INDIVIDUAL  
21          FILE -- NON-FILER THAT IS REMAINING.

22                            SO I JUST WANTED TO SUMMARIZE.   THERE ARE  
23          THOSE TWO POINTS BEFORE YOU NOW, AND I BELIEVE THERE IS  
24          SOMEONE WHO WISHES TO SPEAK.

25          CHAIRMAN RELIS:   OKAY.   WELL, FIRST, BEFORE WE

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1 PROCEED TO MOTION, THERE'S DISCUSSION, AND WE DO HAVE A  
2 REPRESENTATIVE, MR. EWERT.

3 EWERT OR EWERT?

4 MR. EWERT: EWERT.

5 CHAIRMAN RELIS: FROM THE CALIFORNIA  
6 NEWSPAPER PUBLISHER'S ASSOCIATION.

7 DO YOU WANT TO SAY SOMETHING FIRST?

8 MEMBER PENNINGTON: AT SOME POINT I'VE GOT TO  
9 MAKE THE STATEMENT THAT I AM A MEMBER OF CNPA, YOU KNOW,  
10 AND I'VE CLEARED THAT WITH COUNSEL AND I'M NOT IN ANY  
11 VIOLATION.

12 CHAIRMAN RELIS: GO AHEAD.

13 MR. EWERT: MR. CHAIRMAN AND MEMBERS OF THE  
14 BOARD, MY NAME IS JIM EWERT AND I REPRESENT THE CALIFORNIA  
15 NEWSPAPER PUBLISHER'S ASSOCIATION, AN ASSOCIATION OF BOTH  
16 DAILY AND WEEKLY NEWSPAPERS, ABOUT 500 IN THE STATE OF  
17 CALIFORNIA.

18 WE SHARE YOUR CONCERNS REGARDING THE  
19 NON-COMPLIANT CERTIFICATION -- OR DELINQUENT  
20 CERTIFICATIONS AND WE CAN DO A BETTER JOB OF DISCUSSING  
21 THIS WITH OUR MEMBERS.

22 WE HAVE PUBLICATIONS THAT WE UTILIZE WEEKLY,  
23 BI-MONTHLY THAT WE CAN GET THE MESSAGE OUT, AND WE PROPOSE  
24 TO WORK WITH STAFF AS WELL AS OUR OWN BOARD TO DEVELOP  
25 STRATEGIES TO PROMOTE BETTER COMPLIANCE WITH

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1 CERTIFICATION.

2 I'D ALSO LIKE TO ADDRESS A SECOND POINT WITH  
3 REGARD TO A QUESTION THAT THE CHAIRMAN HAD REGARDING THE  
4 DECREASE IN THE TOTAL NEWSPRINT CONSUMPTION.

5 I DON'T HAVE ANY FIGURES AT THIS TIME TO  
6 PRESENT TO YOU. I DON'T EVEN KNOW IF THOSE FIGURES ARE IN  
7 EXISTENCE AT THIS TIME. WE DON'T ORDINARILY GATHER  
8 STATISTICS AS AN ASSOCIATION, BUT WHAT I CAN DO IS GO TO  
9 SOME OF MY MEMBERS AND SEE IF THEY CAN PROVIDE SOME  
10 INFORMATION TO US AND RELATE THAT TO YOU AT A POINT LATER  
11 IN TIME.

12 CHAIRMAN RELIS: JUST ON THAT POINT, IF IT'S OKAY  
13 WITH MEMBERS OF THE COMMITTEE, I -- I WOULD ASK STAFF TO  
14 PREPARE A LETTER TO YOU REQUESTING YOUR INVOLVEMENT IN  
15 HELPING US ANSWER THIS QUESTION, AND THEN MIGHT BE  
EASIER  
16 FOR YOU, AS WELL, TO GET COOPERATION.

17 MR. EWERT: THAT WOULD BE WONDERFUL.

18 MEMBER CHESBRO: ANY GENERAL OBSERVATIONS? IT  
19 SEEMS LIKE YOU'VE GOT SOME GOOD HARD DATA, BUT I WAS  
JUST  
20 CURIOUS.

21 MR. EWERT: IT'S JUST SPECULATION. I WAS  
22 DISCUSSING THIS EARLIER WITH STAFF.

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23                                   THERE HAVE BEEN A NUMBER OF ACQUISITIONS  
BY  
24           CALIFORNIA NEWSPAPERS BY OUT OF STATE CORPORATIONS AND  
IT  
25           MAY VERY WELL BE -- AGAIN, I -- I HAVE NO EVIDENCE TO

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1 SUPPORT THIS, BUT IT MAY VERY WELL BE THAT THE NEWSPRINT  
2 IS BEING PURCHASED OUT OF STATE AND THEN SHIPPED IN, AND  
3 THAT'S THE REASON WHY IT'S NOT BEING REPORTED.

4 BUT AGAIN, I AM JUST MERELY SPECULATING AT  
5 THIS POINT.

6 MEMBER CHESBRO: A POSSIBILITY.

7 MR. EWERT: RIGHT.

8 CHAIRMAN RELIS: ANYTHING ELSE? ANY QUESTIONS?

9 MR. EWERT: ANY QUESTIONS?

10 CHAIRMAN RELIS: OKAY. WE HAVE RICK BEST FROM  
11 CALIFORNIA. THANK YOU VERY MUCH.

12 MR. BEST: THANK YOU VERY MUCH. RICK --

13 MR. EWERT: THANK YOU.

14 MR. BEST: -- BEST FROM CALIFORNIANS AGAINST  
15 WASTE, AND I FIRST WANT TO START AGAIN APPLAUDING THE  
16 NEWSPRINT INDUSTRY FOR THEIR TREMENDOUS EFFORT.

17 I THINK THIS IS BY FAR THE MOST SUCCESSFUL  
18 OF THE MINIMUM CONTENT LAWS IN CALIFORNIA, AND I THINK  
19 THERE'S CERTAINLY SOME RECOGNITION NEEDS TO GO TOWARDS THE  
20 INDUSTRY FOR ITS COMPLIANCE THUS FAR.

21 I THINK THERE -- THERE ARE A COUPLE OF  
22 ISSUES THAT HAVE BEEN RAISED THAT WE SHARE CONCERN ABOUT,  
23 PARTICULARLY WITH REGARDS TO AT LEAST THE SMALL DECLINE IN  
24 THE AMOUNT OF NEWSPRINT CONSUMPTION.

25 I THINK IT WAS ABOUT A PERCENTAGE POINT. I

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1 DON'T THINK THAT'S REALLY AT THIS POINT REASON FOR  
2 TRIGGERING AN AUDIT OR -- OR AN IN-DEPTH INVESTIGATION,  
3 BUT I THINK IT'S CERTAINLY ONE THAT NEEDS TO BE  
4 RECOGNIZED.

5 I THINK ALSO THE THING THAT IS OF MORE  
6 CONCERN, THOUGH, IS THE INCREASE IN NUMBER OF EXEMPTIONS  
7 THAT HAVE BEEN FILED, AND I THINK THAT SHOULD BE SOMETHING  
8 THAT THE BOARD LOOKS AT NEXT YEAR TO SEE WHETHER THAT'S A  
9 TREND OR NOT.

10 PART OF THAT MAY BE DUE TO THE NORPAC  
11 DECISION AND HOPEFULLY THAT WILL BE RECTIFIED NEXT YEAR,  
12 ASSUMING THAT THEY -- THEY INTEND TO GO BACK TO PRODUCING  
13 40 PERCENT RECYCLED CONTENT NEWSPRINT.

14 I GUESS THE TWO THINGS THAT I WANTED TO  
15 RAISE SPECIFICALLY WAS, ONE, I THINK IT IS APPROPRIATE FOR  
16 THE BOARD AT THIS POINT TO PURSUE ACTION ON THE DELINQUENT  
17 CERTIFICATION. IF IT'S BEEN THREE YEARS ALREADY, I THINK  
18 THAT'S CERTAINLY CLEAR EVIDENCE THAT, YOU KNOW, ACTION  
19 SHOULD BE TAKEN.

20 HOPEFULLY IF THE BOARD TELLS THIS COMPANY  
21 THAT THEY ARE TAKING ACTION, THAT THEY WILL GET IN  
22 COMPLIANCE, AND IT WON'T BE NECESSARY TO GO THROUGH THE  
23 HEARING PROCESS, BUT I THINK IT'S APPROPRIATE FOR THE  
24 BOARD AT THIS POINT TO -- TO TAKE AN ACTION ON THAT.

25 AND THE LAST QUESTION THAT I HAD WAS WITH

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1 REGARD TO THESE CRITERIA THAT ARE LAID OUT ON THE LAST  
2 PAGE OF THE AGENDA ITEM.

3 I'M NOT CERTAIN WHETHER THIS IS -- ARE THESE  
4 CRITERIA ONLY SUPPOSED TO BE FOR THOSE CASES WHERE THE  
5 BUSINESS FAILS TO FILE CERTIFICATION, OR WOULD THIS APPLY  
6 ALSO IF THEY HAD FAILED TO MEET THE PERCENTAGE GOAL BUT  
7 HAD SUBMITTED THE INFORMATION?

8 DO YOU UNDERSTAND MY QUESTION?

9 CHAIRMAN RELIS: I'LL TURN THAT OVER TO STAFF AND  
10 SEE IF THEY CAN --

11 MS. TRGOVCICH: I WILL START AND THEN TURN IT  
12 OVER TO DEBBIE.

13 MAYBE THERE IS SOME CONFUSION AROUND THE  
14 PURPOSE OF THE CRITERIA ON THE LAST PAGE. THEY APPLY ONLY  
15 IN THE EVENT THAT THE BOARD WISHES TO INVOKE THE  
16 PROCEDURES AND PURSUE ENFORCEMENT, AND AT THIS POINT IN  
17 TIME, WE ARE ONLY RECOMMENDING ENFORCEMENT AGAINST THE  
18 SINGLE NON-FILER --

19 MR. BEST: RIGHT.

20 MS. TRGOVCICH: -- AND THEY WOULD BE THE BASIS  
21 FOR ASSESSMENT OF THE PENALTY UP TO THE \$1,000 PER  
22 VIOLATION, WHICH IN THE CASE OF THIS NON-FILER WOULD BE UP  
23 TO A MAXIMUM OF \$3,000.

24 MR. BEST: MY -- I GUESS MY ONLY POINT WAS IF  
25 THERE WAS -- IF THERE WAS AT SOME POINT -- AND I REALIZE

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1 IT'S NOT BEING SUGGESTED AT THIS POINT, BUT IF THERE WAS  
2 SUGGESTION THAT PERHAPS THERE WAS A COMPANY THAT HAD  
3 FAILED TO MET -- TO MEET THE PERCENTAGE GOAL, THAT NOWHERE  
4 IN THIS LIST IS -- IS INDICATIONS OF THE DEGREE--TO THE  
5 EXTENT TO WHICH THEY'VE MET THE -- THE PERCENTAGE  
6 REQUIREMENT; I.E., THE GOAL.

7 OBVIOUSLY IF THEY HAVEN'T SUBMITTED  
8 INFORMATION, YOU DON'T KNOW WHETHER OR NOT -- HOW CLOSE  
9 THEY ARE, SO I WOULD JUST SAY THAT PERHAPS ONE CRITERIA  
10 THAT CAN BE ADDED IS SIMPLY THE EXTENT TO WHICH THE  
11 COMPANY IS -- HOW CLOSE THEY ARE TOWARDS MEETING THAT  
12 GOAL.

13 CHAIRMAN RELIS: THANK YOU.

14 MR. BEST: THANK YOU.

15 CHAIRMAN RELIS: ANY QUESTIONS?

16 MR. BLUE: THIS IS JOHN BLUE. I JUST QUICKLY  
17 WANT TO ADDRESS ONE STATISTICAL BIT OF ANALYSIS. THIS  
18 CAME TO MIND.

19 LOOKING AT THE PERCENTAGE OF THE EXEMPTION  
20 CLAIMS IN THIS MOST CURRENT YEAR, THERE IS TWO THINGS THAT  
21 ARE HAPPENING.

22 ONE IS THAT INCREASE IN PERCENTAGE OF  
23 EXEMPTION CLAIMS. THERE'S ALSO THE CONSOLIDATION OF THE  
24 BOARD, AND IT COULD BE -- WE'LL LOOK AT THIS LATER.

25 IT COULD BE THAT THE CONSOLIDATED REPORTS

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1 HAVE BEEN OF THE ONES NOT CLAIMING EXEMPTIONS, WHEREAS THE  
2 SMALLER CONSUMERS WHO HAVE BEEN FILING EXEMPTIONS MAY HAVE  
3 REMAINED FAIRLY STATIC.

4 THAT CAN SKEW THE STATISTICAL ANALYSIS OR  
5 DATA, SO MY VIEW IS TO ADD TO THE ARTIFACT AND ADD THAT TO  
6 THE NORPAC NOT PRODUCING CONTENT.

7 CHAIRMAN RELIS: CERTAINLY THE CONTEXT IN WHICH  
8 THESE GRAPHS ARE CHARTS IS ALWAYS IMPORTANT BECAUSE ON  
9 FACE VALUE YOU DON'T ALWAYS HAVE THE PICTURE.

10 MR. BLUE: SURE. THANKS.

11 CHAIRMAN RELIS: THANKS.

12 NOW, LET'S HAVE DISCUSSION AND THEN WE'RE  
13 LOOKING FOR A MOTION.

14 MEMBER PENNINGTON: MR. CHAIRMAN, AS FAR AS I'M  
15 CONCERNED, ON ITEM NO. 2, THERE DOESN'T NEED TO BE MUCH  
16 DISCUSSION.

17 I JUST THINK THAT I WILL MOVE THAT WE  
18 INSTRUCT THE STAFF TO SET A HEARING DATE FOR THIS  
COMPANY.

19 I AGREE WITH MR. BEST THAT THREE YEARS IS CERTAINLY  
LONG  
20 ENOUGH TIME FOR THEM TO MEET THE LETTER OF THE LAW.

21 MEMBER CHESBRO: SECOND.

22 CHAIRMAN RELIS: OKAY. IT'S MOVED AND



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1                   CHAIRMAN RELIS:  -- AGAINST WHICH  -- MY ONLY  
2                   COMMENT HERE WOULD BE MAYBE THE ONE CONCERNING THE  
3                   VIOLATOR'S IMPACT ON THE  -- LET'S SEE.  WHICH ONE?

4                   WELL, I AGREE THAT WE WOULD PROBABLY WANT  
TO  
5                   BASE THE DEGREE OF FINE ON OUR ASSESSMENT IN PART ON THE  
6                   DEGREE OF IMPACT, BUT THAT DOESN'T CHANGE THE CASE IF  
7                   YOU'RE IN VIOLATION.

8                   WE EVEN HAVE A LETTER, AND I DIDN'T  
DESCRIBE  
9                   THE CONTENTS, BUT FROM THE PRINTING INDUSTRIES OF  
10                  CALIFORNIA, THE LETTER THAT WAS CITED AT THE OUTSET.  
THEY  
11                  WERE IN FAVOR OF ENFORCEMENT AS AN INDUSTRY ASSOCIATION.

12                  SO I THINK WE'VE GOT A STRAIGHTFORWARD  
13                  SITUATION HERE, AND I AGREE.  SO WE HAVE A MOTION BEFORE  
14                  US.

15                  MS. BORZELLERI:  YEAH, AND FOR CLARIFICATION,  
ARE  
16                  WE MAKING A MOTION TO ADOPT THE RESOLUTION AS IT'S PUT  
17                  FORWARD OR  --

18                  CHAIRMAN RELIS:  WELL  --

19                  MS. TRGOVCICH:  THE RESOLUTION INCLUDES THE  
BOARD

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20 CERTIFICATION PROCEDURES TO CONDUCT THE HEARING.

21 CHAIRMAN RELIS: THAT'S CORRECT. SO WE HAVE

22 RESOLUTION 97.458.

23 IS THAT WHAT IS BEING --

24 MEMBER PENNINGTON: YEAH. I WILL MOVE

RESOLUTION

25 97-458, BUT I ALSO WANT TO INCLUDE IN MY MOTION THAT WE

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1 PROCEED WITH --

2 CHAIRMAN RELIS: OKAY.

3 MEMBER PENNINGTON: -- THE HEARING AND SET A  
4 HEARING DATE FOR THESE PEOPLE.

5 CHAIRMAN RELIS: IT'S BEEN MOVED AND SECONDED.  
6 CALL THE ROLL.

7 COMMITTEE SECRETARY: MEMBER CHESBRO?

8 MEMBER CHESBRO: AYE.

9 COMMITTEE SECRETARY: MEMBER PENNINGTON?

10 MEMBER PENNINGTON: AYE.

11 COMMITTEE SECRETARY: CHAIRMAN RELIS.

12 CHAIRMAN RELIS: AYE.

13 MS. BORZELERRI: I JUST WANTED ONE POINT OF  
14 CLARIFICATION.

15 THE RECOMMENDATION THAT MR. BEST HAD MADE,  
16 DO WE WANT TO INCLUDE THAT IN THE PENALTY CRITERIA ABOUT  
17 THE --

18 MS. TRGOVCICH: MY RECOMMENDATION AT THIS TIME  
19 WOULD BE NOT TO BECAUSE WE ONLY HAVE ONE ENTITY THAT WE  
20 ARE PURSUING AND WE HAVE NO INFORMATION, SO TO INCLUDE  
21 THAT AS A CRITERIA AT THIS TIME --

22 MS. BORZELERRI: AND WE CAN REVISIT IT WHEN AND  
23 IF WE COME FORWARD WITH THAT. THANKS.

24 CHAIRMAN RELIS: SO THE MOTION -- THE ACTION  
25 STANDS AND -- OKAY. LET ME JUST -- AND THEN REGARDING

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1 RECOMMENDATION ON NO AUDIT, DO WE NEED ANY ACTION ON THAT  
2 OR --

3 MS. BORZELERRI: I DON'T THINK SO. WE SUGGESTED  
4 NOT PUTTING IT IN THE RESOLUTION.

5 CHAIRMAN RELIS: OKAY. SO WE WOULD JUST SAY  
6 MAYBE AT THIS POINT -- I, TOO, WOULD LIKE TO COMMEND THE  
7 NEWSPAPER ASSOCIATION FOR THEIR WORK.

8 I THINK 49 POINT SOMETHING VERSUS 50 IS A  
9 SMALL ISSUE, BUT OF COURSE WE WANT TO BE MINDFUL OF ANY  
10 DECLINES BECAUSE WE'RE IN A CRITICAL PHASE IN MEETING OUR  
11 AB 939 OBLIGATIONS AND MINIMUM CONTENT FOR THE NEWSPAPER  
12 INDUSTRY IS CRITICAL TO THAT OBJECTIVE.

13 WE'RE STILL AHEAD OF THE 2000 DATE, SO THAT  
14 ISN'T ALARMING, BUT WE WOULD BE LOOKING TO YOU AND FOR THE  
15 INDUSTRY AS A WHOLE TO UPGRADE ITS PERFORMANCE ON THE --  
16 THE COMPLIANCE AND THE REPORTING.

17 THAT ADDS AN ADDED BURDEN TO STAFF. I THINK  
18 IT IS A GOOD ASSOCIATION APPROACH TO WORKING WITH THE  
19 BOARD, AND SO I WOULD BE LOOKING TO CNPA AND PIC TO BE A  
20 STRONGER PARTICIPANT WITH US THIS YEAR IN GETTING THE  
21 COMPLIANCE THAT WE NEED.

22 MS. TRGOVCICH: CHAIRMAN RELIS AND MEMBERS, THAT  
23 BRINGS UP AN IMPORTANT POINT.

24 AS I STATED AT THE OUTSET, WE SAW THIS AS A  
25 TWO- STEP PROCESS WITH THE SECOND STEP BEING TO COME BACK

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1 NEXT MONTH AROUND OPPORTUNITIES, DIRECTIONS THAT YOU MAY  
2 HAVE TO REDUCE THE LATE FILERS FOR CALENDAR YEAR '97.

3 CHAIRMAN RELIS: THAT'S RIGHT.

4 MS. TRGOVCICH: WITH THE TESTIMONY THAT MR.  
5 EWERT PROVIDED, WOULD YOU LIKE US TO PUT OFF BRINGING THAT  
6 ITEM FORWARD AND WORK WITH CNPA AND THE ASSOCIATIONS TO BE  
7 ABLE TO DEVELOP A VOLUNTARY APPROACH TO REDUCING THE  
8 NUMBER OF LATE FILERS AS OPPOSE -- AS OPPOSED TO BRINGING  
9 AN AGENDA ITEM FORWARD WITH A PROPOSED BOARD PROCESS TO DO  
10 THAT?

11 MEMBER CHESBRO: I'D SAY BOTH.

12 MEMBER PENNINGTON: I WAS GOING TO SAY CAN'T THEY  
13 BE --

14 CHAIRMAN RELIS: MOVE THEM BOTH FORWARD AND SEE  
15 WHAT COMES OF THE PROCESS AND WE CAN DECIDE AT THAT TIME  
16 WHETHER WE THINK WE HAVE --

17 MEMBER PENNINGTON: MR. CHAIRMAN, I THINK AT  
18 LEAST WITH MY MIND WHAT CNPA DOES IS -- IS, YOU KNOW, VERY  
19 VALUABLE TO PUBLICIZE AND THROUGH ALL OUR PUBLICATIONS,  
20 THAT SORT OF THING, BUT I THINK THAT THERE'S A CRITERIA  
21 THAT WE CAN SET UP, FOR EXAMPLE, SAYING THAT WE WILL SEND  
22 OUT A LETTER AS WE DO NOW AND TO THE END OF THE YEAR OR  
23 FIRST OF THE YEAR, WE SEND OUT ONE MAYBE AFTER -- AFTER  
24 THE MARCH DEADLINE AND THE THIRD ONE THAT ACTUALLY SETS A  
25 DATE FOR THEIR HEARING; NOT WAIT SO LONG AND JUST

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1 ABSOLUTELY KEEP ON IT.

2 MEMBER CHESBRO: I THINK IT WOULD BE PREMATURE  
3 FOR US --

4 CHAIRMAN RELIS: I AGREE.

5 MEMBER CHESBRO: AT SOME POINT IT WOULD BE GREAT  
6 TO DO SO BECAUSE WE WANT COMPLIANCE OR A PROTEST.

7 MS. TRGOVCICH: WHAT I WOULD LIKE TO DO IS AT  
8 LEAST PUSH THAT ITEM FROM NOVEMBER TO DECEMBER TO AT LEAST  
9 GIVE US TIME TO WORK WITH CNPA TO GIVE US POSSIBLE  
10 APPROACHES.

11 CHAIRMAN RELIS: AND I THINK OUR GOAL MIGHT BE  
12 VOLUNTARY COMPLIANCE, BUT WE'RE NOT THERE YET AND WE --  
13 WE'LL WAIT AND SEE. OKAY.

14 MEMBER CHESBRO: CAN I MAKE A COMMENT?

15 CHAIRMAN RELIS: YES.

16 MEMBER CHESBRO: AFTER MY PLAUDITS WITH GENERAL  
17 SERVICE AND THE STATE PRINTING OFFICE AND ALL THAT, I  
18 WOULD LIKE SOME DOCUMENTATION OR SOME KIND OF LIKE A STAFF  
19 REPORT TO US ABOUT EXACTLY WHAT'S GONE ON IN TERMS OF THE  
20 IMPROVEMENT IN THE UTILIZATION.

21 CHAIRMAN RELIS: YOU MEAN BY THE PRINTER'S  
22 OFFICE?

23 MEMBER CHESBRO: RIGHT.

24 CHAIRMAN RELIS: SPECIFICALLY WHAT THEY'RE --  
25 MS. TRGOVCICH: SO YOU WANT -- YOU WANT RICK

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AT

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1 THE OUTSET OF THIS REPORT BASICALLY INDICATED THAT THEY  
2 HAVE ENTERED INTO A TWO-YEAR CONTRACT FOR ONE HUNDRED  
3 PERCENT RECYCLED CONTENT? SO YOU WOULD LIKE THAT IN  
4 WRITING?

5 MEMBER CHESBRO: YES, BUT I GUESS I'M INTERESTED  
6 IN PROGRESS REPORTS, YOU KNOW, SOME PROCESS BY WHICH WE'RE  
7 GOING TO MONITOR STATE IMPLEMENTATION.

8 CHAIRMAN RELIS: LET ME PURSUE THAT FOR A MINUTE.  
9 WHAT WE HAVE IS AN ANNOUNCED CONTRACT THAT THE PRINTER --  
10 THAT THE STATE ENTERED INTO FOR A TWO-YEAR PURCHASE.

11 WOULD THE CONTRACT ITSELF SATISFY YOU,  
12 BECAUSE A CONTRACT MEANS THEY'RE BUYING IT? ARE YOU  
13 LOOKING FOR A REGULAR REPORT?

14 MEMBER CHESBRO: I AM JUST INTERESTED IN KNOWING  
15 THAT IT'S BEING FULLY IMPLEMENTED. THAT'S ALL. I MEAN,  
16 IT CAN BE PART OF THE DEPUTY DIRECTOR'S REPORT OF  
17 COMMITTEE OR SOMETHING, BUT SOME MEANS OF SOMETHING MORE  
18 SPECIFIC.

19 MS. TRGOVCICH: IF I COULD MAYBE SUGGEST AN  
20 ALTERNATIVE APPROACH. SINCE OUR ROLE IN THIS PROGRAM IS  
21 ONE TO RECEIVE THE CERTIFICATIONS AND PROCESS THE  
22 EXEMPTIONS, ET CETERA, WE DON'T GENERALLY TRACK COMPLIANCE  
23 ON AN ONGOING BASIS. THAT'S A WORKLOAD ABOVE AND BEYOND  
24 WHAT WE CURRENTLY PROVIDE RIGHT NOW.

25 PERHAPS WE CAN SEND A LETTER TO THE OFFICE

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1 OF THE STATE PRINTER AND ASK THEM TO PROVIDE A LETTER ON  
2 THEIR STATUS UNDER THEIR NEW CONTRACT TO THE BOARD AND LET  
3 THEM BE RESPONSIBLE FOR PROVIDING YOU WITH THAT  
4 INFORMATION.

5 MEMBER PENNINGTON: THEY CAN TELL US HOW MUCH  
6 THEY'VE BOUGHT UNDER THE TERMS --

7 MS. TRGOVCICH: RIGHT.

8 MEMBER PENNINGTON: -- OF THIS CONTRACT.

9 MS. TRGOVCICH: BUT WE'LL ASK THEM TO BE  
10 RESPONSIBLE.

11 MEMBER CHESBRO: I DON'T WANT TO LEAVE IT AT  
12 THAT. I'D LIKE FOR US TO FOLLOW UP IF WE DON'T HEAR FROM  
13 THEM.

14 I THINK IT'S IMPORTANT FOR US TO BE ABLE TO  
15 GET AN ANSWER AS TO HOW THE STATE'S DOING, YOU KNOW.

16 CHAIRMAN RELIS: WHY DON'T WE THEN DIRECT STAFF  
17 TO SEND THE LETTER TO SEE IF THEY'LL RESPOND EXPLAINING  
18 WHAT THEIR CONTRACT IS AND WHAT THEIR PURCHASES ARE AND  
19 WE'LL SEE WHAT GOES AND DECIDE WHAT TO DO SHOULD WE NOT  
20 GET A LETTER, BUT HOPEFULLY WE WILL, AND THIS WILL BE  
21 CLEAR.

22 MEMBER CHESBRO: THANK YOU.

23 CHAIRMAN RELIS: OKAY. THAT COMPLETES ITEM NO. 1  
24 AND WE'RE READY TO MOVE INTO CONSTRUCTION AND DEMOLITION.

25 MEMBER CHESBRO: ARE WE DONE WITH 1?

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1                   CHAIRMAN RELIS:    THAT WAS 2.

2                   MS. TRGOVCICH:   ITEM NO. 2 IS AN UPDATE ON  
3                   IMPLEMENTATION OF THE C&D MANAGEMENT PLAN.   STEVE  
4                   AUSTRHEIM-SMITH WILL BE THE LEAD IN PRESENTING THIS ITEM.

5                                I'D JUST LIKE TO PROVIDE SOME BRIEF CONTEXT.

6                                THIS IS AN ITEM THAT WE BRING FORWARD TO YOU  
7                   ON A ROUTINE BASIS TO PROVIDE YOU WITH A STATUS REPORT ON  
8                   HOW WE'RE DOING TO IMPLEMENT THE PLAN THAT WAS ADOPTED BY  
9                   THE BOARD.   THIS YEAR, AS YOU'LL REMEMBER FROM THE BOARD  
10                   MEETING JUST THIS PAST MONTH, WE ARE LOOKING AT  
11                   POTENTIALLY RAISING C&D AS A PRIORITY PROGRAM THAT WE  
12                   WOULD ADMINISTER UNDER MORE OF A MATRIX APPROACH IN THE  
13                   ORGANIZATION.

14                               THE REPORT THAT YOU ARE ABOUT TO RECEIVE  
15                   REPRESENTS WHAT WE ARE CURRENTLY DOING, AND I JUST WANT TO  
16                   MAKE SURE THAT WE ARE NOT GETTING CONFUSED BETWEEN THE  
17                   BOARD ITEM TO ELEVATE ITS IMPORTANCE AND WHAT IS CURRENTLY  
18                   SO.

19                               THIS IS CURRENT STATE, AND WITH THAT, I'LL  
20                   TURN IT OVER TO STEVE.

21                               MR. AUSTRHEIM-SMITH:   MY NAME IS STEVE  
22                   AUSTRHEIM-SMITH WITH THE SECONDARY MATERIAL TECHNOLOGY  
23                   SECTION AND I'D LIKE TO REPORT TO YOU ON THE STATUS OF THE  
24                   IMPLEMENTATION OF THE C&D PLAN, AND WE'VE BEEN COMING BACK  
25                   TO YOU, THIS COMMITTEE FOR ALMOST TWO YEARS NOW GIVING YOU

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1 UPDATES OF OUR PROGRESS EVERY SIX MONTHS.

2 THE PROGRESS I'D LIKE TO REPORT ON IS IN SIX  
3 PARTS THIS MORNING: DISASTER PLANS, MILITARY BASE  
4 CLOSURES, MARKETING AND OUTREACH WITH THE FOLKS ON  
5 PUBLICATIONS, MARKETING AND OUTREACH WITH A FOCUS ON  
6 PUBLICATIONS, MARKETING AND OUTREACH WITH A FOCUS ON  
7 DISTRIBUTION AND PROMOTION, SPECIFICATIONS, WHICH WILL BE  
8 MATERIALS SPECIFICATIONS, CONTRACT SPECIFICATIONS, OTHER  
9 TYPES, AND A BROADER CATEGORY OF OTHERS.

10 TO START WITH WITH THE DISASTER PLAN, STAFF  
11 WITH THE ENGINEERING STAFF, PARTICIPATED WITH THE  
12 WORKSHOPS OF THE DISASTER PLAN THAT WAS SCHEDULED IN APRIL  
13 AND MAY OF THIS YEAR, AND THERE WERE FOUR OF THEM  
14 CONDUCTED AROUND THE STATE.

15 THE WORKSHOTS -- WORKSHOPS PROVIDED GUIDANCE  
16 TO LOCAL GOVERNMENT STAFF ON THE IMPLEMENTATION OF THE  
17 DISASTER PLAN.

18 OUR STAFF FOCUSED ON MATERIALS MANAGEMENT  
19 DURING DISASTER ACTIVITIES AND POSTED THAT DIRECTION.

20 WITH RESPECT TO -- THAT WAS THE  
21 ACCOMPLISHMENT.

22 WITH RESPECT TO THE NEXT STEPS, STAFF  
23 INTENDS TO UPDATE THE DISASTER PLAN EVERY TIME THAT THE  
24 C&D PROGRAM PRODUCES ANOTHER DOCUMENT.

25 WILL BE PROVIDED TO THE STAFF MANAGING THE

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1 DISASTER PLAN SO IT STAYS CURRENT.

2 WITH RESPECT TO MILITARY BASE CLOSURE, WE  
3 HAVE BEEN FOLLOWING TWO OF THEM. ONE OF THEM AT OAK KNOLL  
4 HOSPITAL AND ANOTHER ONE AT THE OAKLAND NAVAL SUPPLY  
5 CENTER, WHICH IS CURRENTLY BEING TURNED OVER TO THE PORT  
6 OF OAKLAND, AND I HAVE A COUPLE OF PHOTOGRAPHS THAT I'D  
7 LIKE TO SHOW YOU THAT GIVE YOU AN INDICATION OF -- LET'S  
8 SEE HERE.

9 ON MY SCREEN, I HAVE TWO -- TWO IMAGES HERE.

10 THIS IS ONE OF THE BAYS OF A THREE-ACRE  
11 WAREHOUSE ON THE PORT OF OAKLAND SITE, AND THERE ARE  
12 ESTIMATES THAT THERE ARE NEARLY A HUNDRED OF THESE  
13 WAREHOUSES THAT ARE DUE TO COME DOWN AS THE PORT OF  
14 OAKLAND CONVERTS THE SITE TO CONTAINER STORAGE AND  
15 CONTAINER MANAGEMENT FOR SHIPPING OPERATIONS.

16 THIS IS APPROXIMATELY A ONE-ACRE BAY. THERE  
17 IS QUITE A BIT OF LUMBER IN THE ROOF AND THE SUPPORTING  
18 STRUCTURE, AND A GOOD PORTION OF IT WAS ACTUALLY SOLD.

19 THIS WAS DONE THROUGH A YOUTH BUILT  
20 ORGANIZATION IN THE CITY OF OAKLAND IN CONJUNCTION WITH  
21 THE DECONSTRUCTION TEAM OF EVITRA CAMEL AND BEYOND WASTE  
22 IN SONOMA COUNTY. THAT'S SORT OF A BEGINNING PHOTOGRAPH  
23 THERE.

24 THE SUPERSTRUCTURE IS ABOUT ALL THAT'S

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LEFT

25 IN THIS ONE BAY. THERE ARE QUITE A FEW MATERIALS THAT

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1        HAVE BEEN STACKED READY FOR SHIPPING. A GOOD PORTION OF  
2        THOSE WERE SOLD.

3                        UNFORTUNATELY, SOME OF THE MATERIALS WERE  
4        NOT SOLD. OF PARTICULAR INTEREST ARE THESE HUGE TRUSSES  
5        THAT YOU SAW IN THE AERIAL PHOTOGRAPH BEFORE. THEY WERE  
6        CUT IN HALF. THEY WERE APPROXIMATELY 120 FOOT SPANS, AND  
7        THEY WERE JUST TOO BULKY TO MANAGE AS ONE PIECE, SO THEY  
8        WERE CUT IN HALF AND LOWERED TO THE GROUND. A TREMENDOUS  
9        NUMBER OF WOOD THERE -- AMOUNT OF WOOD THERE.

10                      ONE OF THE DIFFICULTIES WAS, THOUGH, THAT IT  
11        WAS ALL BOLTED TOGETHER AND WAS NOT EASILY REMOVED.

12                      THIS IS A CENTER WALL THAT TURNED OUT TO BE  
13        REDWOOD BEHIND THIS CONCRETE FACADE AND IT WAS A FIRE WALL  
14        IN THE -- RIGHT OVER IN THIS AREA, YOU CAN LOOK THROUGH  
15        THE DOORWAY AND SEE THAT THE NEXT BAY, CENTER BAY IN THIS  
16        BUILDING.

17                      WHY THE FIRE WALL TURNED OUT TO BE REDWOOD,  
18        IT'S ALL CLEAR HARDWOOD. THAT MATERIAL WAS A SURPRISE TO  
19        FIND AND WAS ALL SOLD, FORTUNATELY.

20                      SORT OF GETTING TO THE END OF THAT BUILDING,  
21        THIS IS THE PILE OF THE RUBBLE. OVER HERE TO THE SIDE,  
22        YOU CAN SEE THAT THESE TRUSSES ARE STILL THERE WAITING TO  
23        BE SOLD.

24                      THESE BECOMING A MOUNTAIN OF MATERIAL ON THE

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25 CONCRETE DECK HERE, THE FLOOR OF THE BUILDING THAT WAS NOT

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1 SOLD AT ALL.

2 A LITTLE BIT OF A CLOSE-UP. THIS IS A  
3 HODGE-PODGE OF BROKEN MATERIALS THAT REALLY DOESN'T HAVE A  
4 MARKET ANYWHERE, AND THIS WAS ALL LANDFILL.

5 SOME MORE OF THE MATERIALS THAT WERE SOLD,  
6 AND THIS IS AN EXAMPLE OF THE -- OF WHAT THE OUTSIDE OF  
7 THIS BUILDING LOOKED LIKE WHEN IT STARTED.

8 THESE PANELS ON THE OUTSIDE ARE ASBESTOS AND  
9 THERE WAS AN ASBESTOS REMEDIATION HAZARD THAT HAD TO BE  
10 TAKEN CARE OF, WHICH WILL BE THE CASE FOR THE REMAINING  
11 HUNDRED BUILDINGS OR SO.

12 AND IT'S INTERESTING WITH CEMENT, EVEN, IT  
13 DOES WEATHER, AND IF YOU WERE WALKING AND TOUCHED IT, YOU  
14 COULD SEE THE FIBERS STICKING OUT FROM IT, SO IT REALLY IS  
15 A HAZARD.

16 AND THIS IS WHAT THE SITE LOOKS LIKE TODAY.  
17 IT'S NOT QUITE A PARKING LOT, BUT IT WILL BE STORING  
18 CONTAINERS OF REDUCED ASPHALT.

19 THE OTHER SITE IS THE OAK KNOLL --

20 CHAIRMAN RELIS: WHAT'S GOING TO BECOME OF THAT  
21 SITE; DO YOU KNOW?

22 MR. AUSTRHEIM-SMITH: JUST LIKE THAT. THEY'LL BE  
23 STORING CONTAINER FREIGHT THERE.

24 CHAIRMAN RELIS: SO THE UNDERLYING SURFACE

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25        REMAINS .

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1 MR. AUSTRHEIM-SMITH: IT'S JUST DIRT, CORRECT.

2 YES. THERE'S ANOTHER BUILDING IN THE  
3 BACKGROUND THERE THE TRUCKS ARE LINED UP TO. THE BLACK  
4 ASPHALT AREA IS THE PAST -- SITE OF THE PAST BUILDING, SO  
5 IT'S GONE. AND DIRECTLY TO THE RIGHT OF THE PHOTOGRAPH IS  
6 ANOTHER BUILDING JUST LIKE THE ONE ON THE LEFT.

7 CHAIRMAN RELIS: DO YOU KNOW WHAT PERCENT OF THE  
8 BUILDING ACTUALLY WAS RECOVERED?

9 MR. AUSTRHEIM-SMITH: NOT AT THIS POINT. WE  
10 WERE -- THIS PICTURE WAS TAKEN ON FRIDAY OF LAST WEEK, AND  
11 IT WAS A SURPRISE TO US THAT IT WAS COMPLETELY GONE  
12 BECAUSE IT HAD STAYED AT THAT POINT WHERE THERE'S A PILE  
13 OF RUBBLE AND THE FOUNDATION WAS THERE FOR QUITE SOME  
14 MONTHS.

15 SO ON THE LAST TRIP BACK, IT WAS GONE ON  
16 FRIDAY, SO OUR FOLLOW-UP ACTIVITY WILL BE TO FIND OUT WHAT  
17 THE STATISTICS ARE AND FINISH OUR CASE STUDY.

18 CHAIRMAN RELIS: WE'LL ALSO BE INTERESTED WITHIN  
19 REASON TO FIND OUT WHAT THE VALUE OF THAT MATERIAL IS ON  
20 THE MARKET.

21 MR. AUSTRHEIM-SMITH: YES. THAT'S -- THE CASE  
22 STUDY WE DID ON THE PRESIDIO OF SAN FRANCISCO, THAT WAS  
23 THE SORT OF INFORMATION THAT WAS PRESENTED.

24 CHAIRMAN RELIS: SOME OF THAT LUMBER I WOULD  
25 SUSPECT YOU'D HAVE A HARD TIME FINDING TODAY IN TERMS

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OF

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1           QUALITY.

2                   MR. AUSTRHEIM-SMITH:     YES.   AND SURPRISINGLY  
3           ENOUGH, THOUGH, THERE WERE NOT THAT MANY CUSTOMERS THAT  
4           WERE WILLING TO TAKE ALL OF THE LUMBER.

5                   A GOOD PORTION WAS ACTUALLY SOLD IN SOUTH  
6           AMERICA, I UNDERSTAND.

7                   CHAIRMAN RELIS:     WOW.

8                   MR. AUSTRHEIM-SMITH:     AND ONE OF THE REASONS FOR  
9           THAT BEING THAT THE LUMBER HERE NEEDED TO BE REGRADED.  
10          THE LUMBER THAT HAD VISIBLE GRADING STAMPS WAS ACCEPTED BY  
11          LOCAL BUILDING DEPARTMENTS.

12                   THE LUMBER THAT WAS NOT RECOGNIZED NEEDS TO  
13          BE REGRADED, SO PEOPLE IN SOUTH AMERICA WEREN'T WORRIED  
14          ABOUT THAT.   THEY COULD ACCEPT IT THE WAY IT WAS.

15                   THE OTHER SLIDE I'D LIKE TO SHOW YOU BRIEFLY  
16          IS THE OAK KNOLL HOSPITAL, THE OLD NAVY HOSPITAL, AND THIS  
17          IS A TEACHING HOSPITAL WING.

18                   THIS IS ANOTHER PREDOMINANTLY WOODEN  
19          STRUCTURE, AND THE EVITRA CAMEL'S CREW AND BEYOND WASTE  
20          ALSO WAS -- THEY WERE THE TRAINERS FOR THE YOUTH BUILD  
21          PROGRAM AT OAK KNOLL, SO THE COMMON THEME HERE IS  
22          REVOLVING AROUND LABOR.

23                   IT GETS TO BE KIND OF A MESS.   YOU SEE A  
24          MACHINE IN THE MIDDLE THERE THAT DOES A LOT OF THE  
25          DESTRUCTION, AND ON THE RIGHT, THE WORKERS WERE TRYING TO

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1 BY HAND REMOVE THE SIDING ON THE OUTSIDE, WHICH IS CLEAR  
2 HARDWOOD REDWOOD, PAINTED ON THE OUTSIDE AND CLEAR ON THE  
3 INSIDE, BUT IT TURNED OUT TO BE VERY BRITTLE, DIFFICULT TO  
4 REMOVE WITHOUT SPLINTERING IT.

5 THEY WERE GOING THROUGH SOME GARAGES WITH  
6 SAWS ON THE BACK SIDE, TWO -- TWO FELLOWS ON A LADDER  
7 TRYING TO CUT THE NAILS ON THE BACKSIDE. THEY RECOVERED  
8 SOME, BUT ENOUGH TO REALLY BE WORTH THEIR WHILE.

9 HERE ARE CREWS ACTUALLY GOING THROUGH THE  
10 HAND DEMOLITION AND A LOT OF IT IS CROWBARS AND HAMMERS TO  
11 PULL THE MATERIAL APART, AND THE LARGER PIECES IN THIS  
12 BUILDING HERE ON THIS WALKWAY ON THIS END WERE ACTUALLY  
13 SALVAGED.

14 THIS IS SORT OF WHAT YOU'RE FACING WHEN  
15 YOU'RE TEARING APART THE INSIDE OF THE BUILDING AND TRYING  
16 TO RECOVER MATERIALS.

17 IT TURNS INTO A GIANT MESS. INSULATION,  
18 BROKEN TWO-BY-FOURS, NAILS STICKING OUT OF THEM, PIECES OF  
19 ACOUSTICAL CEILING, THE METAL FROM THE CEILING. IT'S A  
20 MESS, AND IT'S A HAZARDOUS PLACE TO WALK AROUND, TOO. BUT  
21 THEY DID RECOVER QUITE A BIT OF MATERIAL.

22 AS YOU CAN SEE, THEY WERE CAREFULLY  
23 SEGREGATING IT, AND IN THE FOREGROUND, YOU SEE THE PIECES  
24 OF THE SUSPENDED CEILING HERE, THE METAL PIECES, SOME  
25 LUMBER AT THE BASE OF THE TREE, SMALLER PIECES AND THEN

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1 THE LARGER PIECES OUT TOWARD THE STREET THERE, SO THAT WAS  
2 THEIR -- THEIR SORTING YARD, IF YOU WILL.

3 THE METAL PIECES IN THIS AREA WERE ALL SENT  
4 TO SCHNITZER STEEL, BUT THEY REMAINED QUITE -- FOR QUITE  
5 SOME TIME.

6 THIS IS THE FLOOR OF THAT SAME HOSPITAL THAT  
7 WAS EXPOSED TO THE WEATHER FROM FEBRUARY WHEN IT WAS  
8 DISCOVERED THAT UNDERNEATH THE 12 INCH ASPHALT TILES WERE  
9 9 INCH ASBESTOS TILES, AND THE REMEDIATION WAS HELD UP FOR  
10 QUITE SOME TIME BECAUSE IT COULDN'T BE DETERMINED WHO  
11 WOULD PAY FOR IT, WHETHER THE NAVY WOULD PAY FOR IT OR THE  
12 NEW OWNER. NEITHER ONE OF THEM WANTED TO.

13 IT TURNED OUT THE WEATHER WAS THE BEST WAY  
14 TO REMEDIATE IT, BECAUSE AS IT RAINED ON IT, UP UNTIL LATE  
15 MAY, THE TILES POPPED UP, THEY WERE ABLE TO SCOOP THEM UP  
16 WITH SHOVELS AND HAUL THEM OFF.

17 WHAT WE HAVE AT THIS SITE NOW IS A NICE  
18 LITTLE PARK. SO IT DOES ALL GO SOMEWHERE. UNFORTUNATELY,  
19 A GOOD PORTION OF THAT WENT TO THE LANDFILL, AS WELL, THE  
20 LATER PART.

21 OKAY. WITH RESPECT TO NEXT STEPS IN THE  
22 MILITARY BASE CLOSURE AREA, WE WANT TO COMPLETE THESE TWO  
23 CASE STUDIES WHEN WE HAVE THE INFORMATION THAT WE HAVE FOR  
24 THOSE AS WELL AS MONITOR THE PROGRESS OF THIS BUILDING,

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25 WHICH IS DIRECTLY BEHIND THE ONE THAT WE -- I JUST SHOWED

55

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1 YOU.

2 THIS IS THE HOSPITAL THAT WAS BUILT IN THE  
3 MID-'60S. IT'S NOT EARTHQUAKE TOLERANT, STRUCTURALLY  
4 SOUND.

5 IT'S DUE TO COME DOWN EARLY NEXT YEAR, SO WE  
6 HOPE TO HAVE AN OPPORTUNITY TO WRITE A CASE STUDY ABOUT  
7 THIS ONE, BUT IT'S ABANDONED RIGHT NOW ALONG WITH THE REST  
8 OF THE BASE.

9 CHAIRMAN RELIS: THAT KIND OF BUILDING, WOULDN'T  
10 IT NORMALLY BE IMPODED?

11 MR. AUSTRHEIM-SMITH: PROBABLY. THAT WOULD BY  
12 MY GUESS.

13 THEY'LL GO THROUGH WITH SALVAGE CREWS AND  
14 PULL OUT WHATEVER MATERIALS THEY CAN.

15 THERE ARE SOME GROUPS THAT WE KNOW OF THAT  
16 WOULD LIKE TO SALVAGE THE MEDICAL FACILITIES, THE SINKS  
17 AND THAT SORT OF THING FOR UNDERPRIVILEGED COUNTRIES AND  
18 REUSE THEM IN THAT PURPOSE, BUT WE'LL SEE HOW THAT  
19 ACTIVITY PROGRESSES AND WE'LL DOCUMENT THAT, AS WELL, BUT  
20 THAT'S QUITE A LARGE BUILDING AND I DON'T KNOW HOW MANY  
21 BEDS AND ROOMS THAT IT HAS, BUT IT'S, I THINK, NINE  
22 STORIES TALL. SO IT LOOKS USABLE.

23 THE SAME SITUATION EXISTS FOR THE HOSPITAL  
24 AT THE PRESIDIO OF SAN FRANCISCO, LETTERMAN GENERAL

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25 HOSPITAL.

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1                   CHAIRMAN RELIS:   BOY, 30 YEAR LIFE, THAT'S  
PRETTY

2           SAD.   THAT'S NOT MUCH OF A LIFE FOR A BUILDING.

3                   MR. AUSTRHEIM-SMITH:   WELL, AS WE KEEP  
4   RESPONDING TO NATURAL DISASTERS, EARTHQUAKE DISASTERS  
5   THROUGHOUT THE WORLD, THE BUILDING CODES CHANGE AND OLDER  
6   BUILDINGS ARE CONDEMNED.

7                   MARKETING AND OUTREACH PUBLICATIONS.   STAFF  
8   HAS PRODUCED A NUMBER OF PUBLICATIONS SUCH AS FACT  
SHEETS,

9   DATABASES AND CASE STUDIES.   I'VE BRIEFLY SPOKEN ABOUT  
10   CASE STUDIES THERE.

11                   WE'VE COMPLETED THE PRESIDIO OF SAN  
12   FRANCISCO CASE STUDY AND GOT THAT ON THE STREET.

13                   NEW FACT SHEETS PRODUCED WERE ASPHALT  
14   ROOFING AND SHINGLES RECYCLING, ASPHALT ROOFING, SHINGLES  
15   AND AGGREGATE BASE, ASPHALTS ROOFING, SHINGLES AND  
ASPHALT

16   PAVEMENT, SPECIFICATIONS FOR CONSTRUCTION CONTRACTS, AND  
17   THIS DISCUSSED SEVERAL TYPES OF SPECIFICATIONS FOR  
JOBSITE

18   WASTE MANAGEMENT, PRODUCT ALTERNATIVES, CONTRACTS, PUBLIC  
19   WORKS MATERIALS, SPECIFICATIONS.

20                   RECYCLED PAINT, THAT'S ALSO COMPLETED.   AS

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21 WE'RE GOING THROUGH THE PROCESS, WE'RE CONVERTING THE  
22 FORMAT OF THE FACT SHEETS TO THE NEW BOARD LETTERHEAD AND  
23 LOGO FOR THE FACT SHEETS AS OPPOSED TO THE OLD ONE THAT  
WE  
24 HAD BEFORE, SO AS WE UPDATE THOSE, WE INCLUDE THE NEW --  
25 THE NEW LOOK. THE FOLLOWING FACT SHEETS ARE IN PROGRESS

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1           AND DUE TO BE FINISHED SOON.   ECONOMICS WORK SHEET,  
2           RESOURCEFUL BUILDING TECHNIQUES, RECYCLED AGGREGATE AND  
3           CONCRETE, RUBBERIZED ASPHALT, ASPHALT ROOFING SHINGLES IN  
4           NEW ROOFING, ASPHALT ROOFING SHINGLES IN COAL PATCH FOR  
5           PATCHING POTHOLES IN ROOFS, ASPHALT ROOFING SHINGLES IN  
6           ROAD COVER.

7                               WE WROTE AN ARTICLE FOR C&D MAGAZINE.

IT'S

8           A NATIONAL MAGAZINE OF C&D CONTRACTORS AND PEOPLE OF  
THAT

9           INTEREST.   IT'S A NEW PUBLICATION AND IT'S A FLEDGLING  
10          ONE, BUT WE GOT AN ARTICLE IN THE APRIL/MAY ISSUE, I  
11          BELIEVE, AND IT FEATURED THE FACT THAT WE HAD A WEB  
PAGE.

12                              SO AS A RESULT OF THAT, WE ARE HOPING  
THAT'S

13          ONE OF THE REASONS WE HAVE SEEN AN INCREASE.

14                              WHAT THIS CHART REPRESENTS FROM THE NUMBER  
15          OF HITS ON THE WEB PAGE, THE C&D WEB PAGE.

16                              THERE WAS A DATA GATHERING FAILURE IN MAY,  
17          SO WE DON'T HAVE ANY DATA AT ALL FOR THAT, AND I SUSPECT  
18          THAT IT CONTAMINATED THE JUNE DATA, BUT IT DOES SHOW A  
19          SIGNIFICANT INCREASE OF NUMBER OF HITS ON THE WEB SITE,  
SO

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20           THERE IS AN INTEREST IN THE TOPIC.

21                           WE ALSO WERE ABLE TO THROUGH SOME CONTACTS

22           THAT MARTHA GILDART HAD WITH THE DEAN OF COLLEGE OF

23           ENGINEERING IN CHICO, HE WAS WRITING A TEXTBOOK AND

FOUND

24           OUT ABOUT OUR FACT SHEETS AND WANTED TO DELAY

PUBLICATION

25           WITH THE TEXTBOOK UNTIL HE COULD INCORPORATE OUR FACT

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1 SHEET, SO WE ARE GETTING SOME EXPOSURE. I THOUGHT THAT  
2 WAS A NICE OPPORTUNITY FOR US.

3 THE NEXT STEPS WITH FACT SHEETS, WE HAVE A  
4 BUILDING AND REUSE OF STATE OFFICE AND HISTORIC  
5 PRESERVATION, A BRICK AND AGGREGATE AND EVALUATION FORM  
6 THAT WE CREATED TO GET RESPONSE FROM WHOEVER WE SEND OUR  
7 PUBLICATIONS TO TO TRY AND PROVE WHOEVER READS THEM WE  
8 HOPE WILL RETURN THE QUESTIONNAIRE.

9 MARKETING AND OUTREACH, DISTRIBUTION AND  
10 PROMOTION. I JUST SHOWED YOU THE INTERNET OVERHEAD. I  
11 THINK THAT GIVES YOU AN IDEA OF HOW MUCH MORE EXPOSURE  
12 WE'RE GETTING.

13 WE HAVE ALL C&D PUBLICATIONS ON THE WEB AT  
14 THIS POINT. THE ONLY ONES THAT ARE NOT ON THERE. WE  
15 ATTENDED THE STATE FAIR THIS YEAR WITH THE DOLL HOUSE AND  
16 SHOWCASED RECYCLED BUILDING MATERIALS ON THE FACT SHEET.

17 WE ATTENDED THE PACIFIC COAST BUILDER'S  
18 CONFERENCE, BUT BECAUSE OF THE COST OF A BOOTH, WE WEREN'T  
19 ABLE TO GET THE FREE ONE. THE BOOTHS WERE ALL SOLD OUT  
20 AND THEY WERE \$5,000 APIECE, SO WE TOOK OUR FACT SHEETS  
21 AND OUR BUSINESS CARDS AND POUNDED THE FLOORS FOR A WHILE  
22 AND HANDED THEM OUT TO WHOEVER WOULD LISTEN TO US.

23 WE CONTINUE TO HAVE OUR C&D WORKING GROUP  
24 EVERY WEEK AT 1:30 ON TUESDAY AFTERNOON.

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25

LET'S SEE. NEXT STEPS WITH RESPECT TO

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1       OUTREACH, WE INTEND TO SEEK OPPORTUNITIES TO ATTEND  
2       CONFERENCES WITH OUR OUTREACH MATERIALS AS THEY COME UP.

3               THERE WAS ANOTHER ONE IN SACRAMENTO WE WERE  
4       ABLE TO ATTEND. WE FOUND OUT ABOUT IT AT THE LAST MOMENT,  
5       THE BUILDER'S CONFERENCE HERE, AND WE ALSO FEEL THAT WE  
6       NEED TO MAKE SOME PENETRATION INTO DRYWALL MARKETING.

7               SPECIFICATIONS, NEXT TO LAST ISSUE HERE.  
8       ACCOMPLISHMENTS IN THE SPECIFICATIONS ISSUE. WE HAVE  
9       AS -- WITH RESPECT TO ASPHALT SHINGLES, WE'RE STILL  
10      WORKING WITH CALTRANS TO GET THESE ASPHALT SHINGLES INTO  
11      ROAD BASE AND AGGREGATE SUB BASE, MISCELLANEOUS BASE.

12              NEXT -- NEXT STEPS WITH ASPHALT SHINGLES, WE  
13      PLAN TO CONTACT LOCAL GOVERNMENTS LOCATED NEAR SHINGLE  
14      MANUFACTURING PLANTS TO INVESTIGATE THE POSSIBILITY OF  
15      LOCAL TESTING OF ASPHALT SHINGLES IN ROAD PRODUCTS.

16              IT WOULD BE FOR THE LOCALS TO DO SOME OF  
17      THEIR OWN TESTING, SO WE CAN LOBBY BACK TO CALTRANS WITH  
18      SOME SUCCESS STORIES. THAT WOULD BE USEFUL TO US.

19              WE CONTINUE TO PROMOTE TESTING AND  
20      PROCUREMENT OF SHINGLE CONTENT COAL PATCHING ALONG THE  
21      PUBLIC WORKS AND CALTRANS MAINTENANCE MARKET SUCH THAT WE  
22      CAN OPEN MARKETS FOR ATTRACTING AN EVENTUAL PRODUCER IN  
23      CALIFORNIA.

24              IN THE OTHER CATEGORIES -- LET'S SEE --

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25 WE 'VE BEEN PARTICIPATING IN THE CAL-EPA GREEN BUILDING

60

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1 DISCUSSIONS. WE NEED TO CONTINUE TO DO THAT. I HOPE THAT  
2 WE WILL HAVE AN OPPORTUNITY TO HAVE SOME IMPACT. EVEN  
3 THOUGH THE CONTRACT'S BEEN SIGNED, WE NEED TO CONTINUE TO  
4 WORK WITH THE DEVELOPER THERE AND THE CONTRACTOR.

5 PLAYA VISTA GREEN BUILDING MANUAL, THAT  
6 MANUAL HAS PRETTY MUCH BEEN COMPLETED BY STAFF AND HAS  
7 BEEN SUBMITTED TO OUR PUBLIC AFFAIRS OFFICE FOR FINAL  
8 APPROVAL. WITH RESPECT TO THE CAL-EPA GREEN BUILDING, WE  
9 HOPE THAT WE CAN, AS I SAID, STAY INVOLVED. THIS IS WHERE  
10 IT WILL BE.

11 ONE'S A TWO-STORY -- OR ONE-STORY PARKING  
12 STRUCTURE AND ONE FLOOR ABOVE. WE HOPE THAT WE CAN  
13 OVERSEE THE RECYCLING OF ALL THE CONCRETE AND STEEL IN  
14 THAT STRUCTURE.

15 WE DON'T KNOW WHAT THE PLANS BY THE  
16 CONTRACTOR ARE TO DO THAT, BUT WE PLAN TO STAY INVOLVED.

17 AND THAT SETS ONE LAST COMMENT WITH PERHAPS  
18 A CHALLENGE. U.S.-EPA IS BUILDING A NEW -- LARGEST EVER  
19 BUILDING FOR THE ORGANIZATION AND THEY PLEDGE TO DO  
20 EVERYTHING THEY CAN TO PROTECT THE ENVIRONMENT, AND IT'S  
21 QUITE A CHALLENGE.

22 EPA'S NOT ALONE IN ITS EFFORT TO WORK WITH  
23 THE ENVIRONMENT RATHER THAN AGAINST IT. A MOVEMENT CALLED  
24 GREEN BUILDING HAS BEEN SPROUTING ACROSS THE COUNTRY IN

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25 THE PAST DECADE, AND IT HAS SPAWNED ARCHITECTS ALSO

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1           SPECIALIZE IN GREEN DESIGN INDUSTRIES THAT PROCEED  
2           ENVIRONMENTALLY FRIENDLY BUILDING MATERIALS.

3                         THE STRUCTURE WILL TAKE NEARLY FOUR YEARS TO  
4           COMPLETE ON A CAMPUS OF 500 ACRES, AND EPA IS DOING SOME  
5           UNUSUAL THINGS.

6                         FOR INSTANCE, CHIPPING THE -- DURING THE  
7           CLEARING AND GRUBBING OPERATIONS OF CLEARING THE SITE, EPA  
8           IS PLANNING TO BRING IN MOBILE EQUIPMENT AND GRIND THE  
9           MATERIAL RIGHT THERE AND PLACE IT BACK ON THE GROUND AS  
10          MULCH FOR THE FUTURE LANDSCAPING PROJECTS, AS WELL AS THE  
11          ROCK THAT'S FOUND ON SITE, WHICH IS OFTEN LOADED IN A  
12          TRUCK AND HAULED TO A LANDFILL, WILL BE CRUSHED AND USED  
13          FOR ROAD BASE AND SIDEWALKS AND THAT SORT OF CONCRETE  
14          MIXING THAT THEY CAN RIGHT ON SITE AS A BEGINNING.

15                        500 ACRES OF THE SITE IS QUITE A LARGE ONE,  
16          SO EPA IS WELL ON THE ROAD TO DOING THINGS LIKE THAT.

17                        CHAIRMAN RELIS:   WHERE IS THAT?  500 ACRES, THAT  
18          CAN'T BE IN WASHINGTON D.C.

19                        MS. TRGOVCICH:  LET'S SEE.  RESEARCH TRIANGLE  
20          PARK.

21                        MR. AUSTRHEIM-SMITH:   NORTH CAROLINA.

22                        CHAIRMAN RELIS:  THIS WILL BE AN EPA BUILDING?

23                        MS. TRGOVCICH:  THEIR BIG R&D.

24                        MEMBER CHESBRO:  BRING STEVEN SEGALL INTO SOME  
25          MARSHALL ARTS TECHNIQUE TO CRUSH UP THE OLD CONCRETE.

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1                   MR. AUSTRHEIM-SMITH:     SO AS FAR AS A COUPLE OF  
2                   NEXT STEPS, OVERALL IN THIS PROCESS FOR C&D, I SEE US  
3                   WORKING MORE IN THE DIRECTION OF TWO -- TWO ISSUES.

4                                 WE NEED TO INCREASE THE MARKETS FOR THE  
5                   MATERIALS THAT WE'RE COLLECTING. WE'RE GETTING TO BE MUCH  
6                   BETTER AT COLLECTING MATERIALS, BUT NOT NEARLY AS GOOD AT  
7                   MARKETING.

8                                 SO I'M HOPING THAT WE CAN WORK THROUGH THE  
9                   BUY-RECYCLED BUSINESS ALLIANCE AS PART OF THE NRC TO REACH  
10                  OUT TO DEMOLITION AND CONTRACTORS, CONSTRUCTION  
11                  CONTRACTORS AND MARKETERS OF RECYCLED CONTENT MATERIALS,  
12                  BECAUSE NOW WE HAVE MATERIALS TO DEAL WITH. LET'S FIND  
13                  OUT A WAY TO SALVAGE THEM SO WE CAN CLOSE THE LOOP.

14                                ANOTHER LARGE AREA THAT NEEDS THE WORK IS  
15                  LOCAL GOVERNMENT PERMITTING AUTHORITIES NEED SOME SORT OF  
16                  HELP TO ACCEPT USED MATERIAL AS WELL AS RECYCLED CONTENT  
17                  MATERIALS, BECAUSE I WAS DISMAYED.

18                                I'M BUILDING A HOUSE IN PLACER COUNTY  
19                  MYSELF. I WANTED TO USE SOME USED MATERIALS AND I'VE  
20                  PRETTY MUCH WRITTEN THAT OFF.

21                                I HAVE THE MATERIALS, BUT I REALLY CAN'T USE  
22                  THEM. FOR INSTANCE, A MAIN SERVICE PANEL, ELECTRICAL  
23                  PANEL. JUST BECAUSE IT'S USED, IT LOOKS PRETTY MUCH BRAND  
24                  NEW, IT CAME OUT OF ONE OF THESE MILITARY BUILDINGS, I  
25                  CAN'T USE IT. IT HAS TO BE NEW. I CAN'T EXPLAIN THAT.

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1 AT THIS POINT --

2 MEMBER PENNINGTON: THE BUILDING CODE SAYS THAT?

3 MR. AUSTRHEIM-SMITH: I DON'T HAVE THE ANSWER TO  
4 THAT. I FOUND THAT OUT MONDAY THAT I COULDN'T USE IT, SO  
5 FORTUNATELY, I DIDN'T PAY MUCH FOR IT, BUT I'LL FIND SOME  
6 OTHER USE FOR IT.

7 I THOUGHT I WAS ON THE RIGHT TRACK. SAME  
8 FOR LUMBER. I HAVE SOME LUMBER THAT I'D LIKE TO USE. I  
9 CAN BUILD A BARN WITH IT, BUT I CAN'T BUILD A HOUSE WITH  
10 IT.

11 MEMBER CHESBRO: IT WOULD BE GOOD TO FOLLOW UP ON  
12 THAT TO FIND OUT IF THERE ARE SPECIFIC CODE PROVISIONS  
13 THAT CAUSE THAT PROBLEM.

14 MR. AUSTRHEIM-SMITH: I'M -- WHAT I'M PERSONALLY  
15 RUNNING UP AGAINST, THERE'S SPECIFIC HESITANCY TO PURSUE  
16 NEW THINGS.

17 MEMBER CHESBRO: MY EXPERIENCE HAS BEEN BOTH WITH  
18 LOCAL GOVERNMENT AND DOING SOME REMODELING IS PRETTY MUCH  
19 WHAT'S IN THE BOOK IS WHAT THEY WANT, AND IF YOU'RE GOING  
20 TO HIRE, YOU KNOW, LIKE A STRUCTURAL ENGINEER OR  
21 ELECTRICAL ENGINEER TO CERTIFY THAT SOMEHOW WHAT YOU'RE  
22 DOING DIFFERENTLY IS OKAY, THEN THEY'LL PASS ON IT, BUT  
23 YOU HAVE TO SPEND, YOU KNOW, TEN TIMES AS MUCH MONEY TO  
24 GET THAT -- THAT CERTIFICATION.

25 BUT MOST OF THESE GUYS, YOU KNOW, IT'S A

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1           LIABILITY AND WHOEVER UPSTAIRS APPROVES THE NEXT LEVEL OF  
2           STANDARD, THAT'S THEIR STANDARD AND THEY DON'T LIKE TO  
3           DEVIATE FROM IT, YOU KNOW.

4                   MR. AUSTRHEIM-SMITH:     IT'S INTERESTING.   EVEN IF  
5           I'M WILLING TO ACCEPT THE LIABILITY AND PUT MY ENGINEERING  
6           STAMP ON IT, THAT'S NOT GOOD ENOUGH YET.   SO I NEED TO  
7           CONSIDER THIS MORE AND --

8                   MEMBER CHESBRO:     IT WILL BE GOOD TO FIND OUT WHY,  
9           WHAT IT IS THAT THEY'RE POINTING TO, AND HOW WIDESPREAD  
10          THAT IS.

11                   MR. AUSTRHEIM-SMITH:     YEAH.

12                   MEMBER CHESBRO:     WHETHER THAT'S THE TYPICAL  
13          PRACTICE OF MOST LOCAL JURISDICTIONS, BUT IT CERTAINLY  
14          WOULD BE AN OBSTACLE OF ACHIEVING WHAT WE WERE--WHAT  
15          THEY'RE TRYING TO DO HERE.

16                   MS. AUSTRHEIM-SMITH:     THANK YOU.   THAT CONCLUDES  
17          MY PRESENTATION.

18                   CHAIRMAN RELIS:     JUST A FEW THOUGHTS.   FIRST, THE  
19          PLAYA VISTA, THE MANUAL IN THIS CONTEXT, I KNOW THAT'S  
20          BEEN IN THE WORKS A WHILE.   I'VE HAD NUMEROUS REQUESTS TO  
21          GET -- GET THAT OUT.

22                   MS. TRGOVCICH:     IF YOU WOULD JUST LIKE TO PROVIDE  
23          THOSE TO ME.   IT'S BEEN OUT.   WE'VE BEEN PROVIDING COPIES  
24          OF IT, AND COPIES WERE TAKEN DOWN TO THE MEETING IN SAN  
25          DIEGO, I BELIEVE, LAST WEEK WHEN WE WENT DOWN WITH TERESA

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1        PARSLEY, WHO'S HEADING UP THE CAL-EPA NEW BUILDINGS  
2        EFFORT.

3                    WE'VE PROVIDED COPIES TO GENERAL SERVICES,  
4        SO THAT IS AVAILABLE.

5                    I THINK WHAT STEVE IS REFERRING TO IS JUST  
6        THE OFFICIAL PRETTY PUBLICATION, BUT WE ARE MAKING COPIES  
7        OF WHAT WE HAVE.

8                    CHAIRMAN RELIS:    BECAUSE I NEED SOME AND I'LL --

9                    MS. TRGOVCICH:    WE'LL CONTACT YOUR OFFICES TO SEE  
10       HOW MANY YOU WOULD LIKE.

11                   CHAIRMAN RELIS:    REGARDING THE GREEN BUILDING  
12       EFFORT, THE CAL-EPA BUILDING AND THE GENERAL REBUILDING  
13       THAT'S SUPPOSED TO GO UNDER -- THE BIG ARTICLE ON THE  
14       ENORMOUS CONSTRUCTION THE STATE IS UNDERTAKING HERE, I  
15       SURE HOPE THAT OUR MANUAL AND -- AND EVERY EFFORT IS BEING  
16       MADE TO GET RECYCLED CONTENT IN THAT BECAUSE HERE IN OUR  
17       BACKYARD IS PRECISELY THE KIND OF MARKET PULL WE NEED.

18                   I THINK THIS -- YOUR -- YOUR EXPERIENCE WITH  
19       YOUR OWN HOUSE, I'VE BEEN THROUGH THAT, WESLEY.    IT'S THE  
20       MOST FRUSTRATING THING THERE IS, THE RESISTANCE IN THE  
21       SPECIFICATIONS IN SOME CASES AGAINST USING ANYTHING THAT  
22       HAS BEEN USED ONCE BEFORE.

23                   I THINK WE NEED TO HEAR FROM YOU, FROM STAFF  
24       AS TO HOW WIDESPREAD THIS IS AND WHAT IS -- WHAT ROLE, IF  
25       ANY, WE CAN PLAY TO INFLUENCE THE BREAKING DOWN OF SOME OF

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1       THESE BARRIERS TO GREEN BUILDING BECAUSE IT'S THESE FORMS  
2       OF RESISTANCE WHERE THEY'RE -- THEY ARE ILLOGICAL -- THERE  
3       ARE PLACES WHERE IT'S LOGICAL -- BUT ARE GOING TO PREVENT  
4       RECYCLED CONTENT FROM BEING USED, AND AGAIN LOOKING AT OUR  
5       TWO-YEAR, TWO AND A HALF YEAR WINDOW, WE HAVE TO LOOK FOR  
6       ACTIVITIES THAT HAVE A PAYOFF IN THIS TIME FRAME.

7                        SO I -- I HOPE THAT WE'LL BE GETTING BACK, I  
8       BELIEVE, IN DECEMBER, BASED ON THE BRIEFING, A CLEAR  
9       DISCUSSION OF HOW C&D FITS INTO OUR -- WHAT STRATEGICALLY  
10      WE CAN DO WITH C&D TO -- IN THIS -- IN THIS TIME FRAME.

11                      MS. TRGOVCICH:   THAT WILL CERTAINLY BE SOMETHING  
12      THAT WE'LL BE LOOKING AT VERY DEFINITELY WITHIN THE  
13      CONTEXT OF THE STRATEGIC PLANNING IMPLEMENTATION, AS WELL.

14                      CHAIRMAN RELIS:   YEAH.   THAT'S PART OF THE  
15      STRATEGIC PLAN AND WE NEED TO THINK IN TWO-THREE-YEAR TIME  
16      FRAME IN LARGE TONNAGES.   WE NEED TO THINK OF C&D, I  
17      THINK, AS AN INDUSTRY.   THERE ARE A BUNCH OF MATERIALS AT  
18      C&D.   IT'S NOT ONE MATERIAL, SO IT HAS A  
19      DEVELOPER/CONTRACTOR/DESIGNER/ARCHITECTURAL COMPONENT, AND  
20      THEN WE NEED TO BE THINKING OF STRATEGIC PARTNERSHIPS THAT  
21      HAVE A PAYOFF.

22                      MEMBER PENNINGTON:   MR. CHAIRMAN, I -- I WOULD  
23      SAY THAT AS FAR AS THE CAL-EPA BUILDING IS CONCERNED, I  
24      KNOW THAT SECRETARY ROONEY HAS -- IS SUPPORTIVE OF IT AND  
25      FEELS THAT'S THE RIGHT DIRECTION FOR US TO GO, AND I THINK

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1            THAT HE'S TRYING TO DO WHATEVER -- WHATEVER HE CAN, BUT AT  
2            LEAST LEND HIS SUPPORT AND CREDENCE TO IT.

3            CHAIRMAN RELIS:    WELL, THE KEY WITH BUILDING  
4            PROJECTS IS ALWAYS WHAT -- WHAT YOU CAN GET IN AT THE  
5            RIGHT TIME BEFORE IT'S TOO LATE BEFORE PLANS ARE -- ARE  
6            SOLID, MATERIALS HAVE BEEN SELECTED.

7            MS. TRGOVCICH:    WHAT WE'VE BEEN TOLD BY AT LEAST  
8            THE CONTRACTORS WORKING ON THIS, SOME OF THE PRINCIPAL  
9            CONTRACTORS HAVE BASICALLY SAID THEY'RE WILLING TO GO WITH  
10            WHATEVER MODIFICATIONS WITHIN THE EXISTING COST STRUCTURE,  
11            SO THOSE ARE ITEMS THAT WE'LL BE ABLE TO BE HELPING TERESA  
12            TO LOOK AT IN THE COMING MONTHS.

13            THE KEY IS TO GET IN WITH OREDS.    THEY'VE  
14            SIGNED AN OCCUPANCY LEASE THAT REALLY DOESN'T HAVE A LOT  
15            OF UMPH    BEHIND IT IN TERMS OF GETTING SOME OF THESE  
16            THINGS IN THERE, BUT IT'S CERTAINLY NOT TOO LATE.

17            SO WE'LL BE PURSUING THAT, CERTAINLY, AND  
18            WE'VE MADE COPIES OF THE MANUAL AVAILABLE.    WE'VE BEEN  
19            WORKING WITH THEM ON SPECIFIC PRODUCTS.

20            WE RECEIVE GENERAL COPIES OF THE BUILDING  
21            DESIGN, WHAT THEY'RE LOOKING AT IN GENERAL AREAS, SO  
22            WE'LL

22            BE ABLE TO NOW TARGET OPPORTUNITIES THERE.

23            MEMBER CHESBRO:    THE EXPERIENCE WE HAVE WHEN WE

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24 FIRST LOOKED INTO THIS BUILDING WITH THE FOLKS, YOU  
KNOW,  
25 IS SORT OF -- WHAT'S THE RIGHT WORD HERE? INERT, YOU

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1 KNOW. OKAY. WE'RE GLAD THAT THAT'S WHAT YOU WANT. SEE  
2 YOU LATER. NOT GOING TO HAPPEN, YOU KNOW.

3 IT'S JUST -- IT WAS SORT OF A BIZARRE  
4 EXPERIENCE, AND THEY JUST HAD A VERY BY THE BOOK  
5 PURCHASING AGENT KIND OF HERE'S OUR SPECIFICATIONS WE'VE  
6 USED FOR 50 YEARS AND THAT'S THE WAY IT IS, YOU KNOW.

7 CHAIRMAN RELIS: THE WORLD REMAINS THE SAME.

8 MEMBER CHESBRO: RIGHT.

9 CHAIRMAN RELIS: OKAY. ANY OTHER BUSINESS?

10 MS. TRGOVCICH: MR. CHAIRMAN, I'D JUST LIKE TO  
11 LET YOU KNOW THAT THE COMPOST VIDEO DID ARRIVE. YOU HAVE  
12 THREE OPTIONS BEFORE YOU:

13 YOU CAN HEAR IT NOW, HEAR IT LATER OR SEE IT  
14 NOW, SEE IT NEXT MONTH, AS WELL. YOU CAN SEE IT NOW, NOT  
15 SEE IT NEXT MONTH OR YOU CANNOT SEE IT NOW AND SEE IT NEXT  
16 MONTH.

17 MEMBER CHESBRO: HOW LONG IS THIS?

18 MR. BEST: IT'S ABOUT TWENTY-FIVE MINUTES.

19 CHAIRMAN RELIS: I'M GOING TO STAY AND WATCH IT,  
20 BUT I'LL ASK THAT WE LOOK AT IT AGAIN. I KNOW I'M GOING  
21 TO LOVE IT.

22 WE'RE ADJOURNED.

23 (THE MEETING ADJOURNED AT 11:08 A.M.)

24  
25

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